



Web Video Texts Audio Software About Account TVNews OpenLibrary

Home American Libraries | Canadian Libraries | Universal Library | Community Texts | Project Gutenberg | Children's Library | Biodiversity Heritage Library | Additional Collections

Search: Texts

Anonymous User (login or join us)

[See other formats](#)

Full text of "Nomination of Bruce A. Lehman to be Commissioner of the U.S. Patent and Trademark Office : hearing before the Committee on the Judiciary, United States Senate, One Hundred Third Congress, first session on the nomination of Bruce A. Lehman to be Commissioner of the U.S. Patent and Trademark Office, July 28, 1993"

\\ NOMINATION OF BRUCE A. LEHMAN
 ^^ TO BE COMMISSIONER OF THE
 U.S. PATENT AND TRADEMARK OFFICE

S. Hrg. 103-1032

Y 4, J 89/2: S.HRG. 103-1032

Nomination of Bruce A. Lehman to be...

HEARING
 BEFORE THE
 COMMITTEE ON THE JUDICIARY
 UNITED STATES SENATE
 ONE HUNDRED THIRD CONGRESS
 FIRST SESSION
 ON
 THE NOMINATION OF BRUCE A. LEHMAN TO BE COMMISSIONER OF
 THE U.S. PATENT AND TRADEMARK OFFICE

JULY 28, 1993

Serial No. J-103-22

Printed for the use of the Committee on the Judiciary

^^^ ' 8 *55

U.S. GOVERNMENT PRINTING OFFICE
 98-501 CC WASHINGTON : 1995

For sale by the U.S. Government Printing Office
 Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
 ISBN 0-16-047131-1

(\ ^ NOMINATION OF BRUCE A. LEHMAN
 TO BE COMMISSIONER OF THE
 U.S. PATENT AND TRADEMARK OFFICE

\^

S. Hrg. 103-1032

' 4, J 89/2: S.HRG. 103-1032

omination of Bruce A. Lehman to be...

HEARING

BEFORE THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

THE NOMINATION OF BRUCE A. LEHMAN TO BE COMMISSIONER OF
THE U.S. PATENT AND TRADEMARK OFFICE

JULY 28, 1993

Serial No. J-1 03-22

Printed for the use of the Committee on the Judiciary

^^1\Z

n%

U.S. GOVERNMENT PRINTING OFFICE
90-501 CC WASHINGTON : 1995

For sale by the U.S. Government Printing Office
Superintendent of Documents. Congressional Sales Office. Washington. DC 20402
ISBN 0-16-047131-1

COMMITTEE ON THE JUDICIARY

JOSEPH R. BIDEN, Jr., Delaware, Chairman
EDWARD M. KENNEDY, Massachusetts ORRIN G. HATCH, Utah

HOWARD M. METZENBAUM, Ohio STROM THURMOND, South Carolina

DENNIS DeCONCINI, Arizona ALAN K. SIMPSON, Wyoming

PATRICK J. LEAHY, Vermont CHARLES E. GRASSLEY, Iowa

HOWELL HEFLIN, Alabama ARLEN SPECTER, Pennsylvania

PAUL SIMON, Illinois HANK BROWN, Colorado

HERBERT KOHL, Wisconsin WILLIAM S. COHEN, Maine

DIANNE FEINSTEIN, California LARRY PRESSLER, South Dakota

CAROL MOSELEY-BRAUN, Illinois

Cynthia C. Hogan, Chief Counsel

Catherine M. Russell, Staff Director

Mark R. Disler, Minority Staff Director

Sharon Frost, Minority Chief Counsel

(II)

CONTENTS

STATEMENTS OF COMMITTEE MEMBERS

Page
DeConcini, Hon. Dennis, U.S. Senator from the State of Arizona (Chairman
of the Subcommittee on Patents, Copyrights and Trademarks) 1, 2
Pressler, Hon. Larry, U.S. Senator from the State of South Dakota 4
Hatch, Hon. Orrin G., U.S. Senator from the State of Utah 5

PRESENTER
Feingold, Hon. Russell D., U.S. Senator from the State of Wisconsin 3

NOMINEE
Lehman, Bruce A., to be Commissioner of the U.S. Patent and Trademark Office:
Biographical information 6
Testimony 24
Prepared statement 25

QUESTIONS AND ANSWERS
Responses of Bruce A. Lehman to additional questions submitted by:
Senator Brown 37
Senator DeConcini 39
Senator Feinstein 39
Senator Pressler 40

ALPHABETICAL LIST AND MATERIAL SUBMITTED
Brown, Hon. Hank: Responses of Bruce A. Lehman to written questions 37
DeConcini, Hon. Dennis:
Opening statement 1
Prepared statement 2
Responses of Bruce A. Lehman to written questions 39
Feingold, Hon. Russell D.: Statement 3
Feinstein, Hon. Dianne: Responses of Bruce A. Lehman to written questions .. 39
Hatch, Hon. Orrin G.: Opening statement 5
International Trademark Association: Statement 44
Pressler, Hon. Larry:
Prepared statement 4
Responses of Bruce A. Lehman to written questions 40
(III)

NOMINATION OF BRUCE A. LEHMAN
TO BE COMMISSIONER OF THE
U.S. PATENT AND TRADEMARK OFFICE

WEDNESDAY, JULY 28, 1993
U.S. Senate,
Committee on the Judiciary,
Washington, DC.
The committee met, pursuant to notice, at 11:17 a.m., in room SH-216, Hart Senate Office Building, Hon. Dennis DeConcini (chairman of the Subcommittee on Patents, Copyrights and Trademarks), presiding.
Also present: Senators Feingold and Hatch.

OPENING STATEMENT OF SENATOR DeCONCINI
Senator DeConcini. Senator Feingold, I am sorry to have kept you waiting, and it is not the Senator from Utah's fault; it is the Senator from Arizona's fault. My apologies.
Today the Judiciary Committee will consider the nomination of Bruce Lehman to be the next Commissioner of Patents and Trademarks. I would like to welcome Mr. Lehman to the committee as well as Senator Feingold.
Some time ago, I wrote to President Clinton, recommending Mr. Lehman's nomination to this post, and I am pleased that the President and I happen to agree on this appointment. No single Federal agency has more impact on technology-based industry than the Patent and Trademark Office.
Our patent laws provide an important incentive to invest in and disclose cutting-edge technology. Over the years, our patent system

has consistently adapted to rapidly advancing technology, but as we continue to forge ahead into new areas, we must ensure that our patent system continues to encourage, not hinder, innovation. With that mission, the next Commissioner of Patents faces an assortment of vexing administrative funding and international issues.

There are no easy solutions to many of these problems. Administratively, the next Patent Commissioner will manage the efforts to automate our patent systems. The monumental task, which began in 1982, has had its share of problems and ups and downs. The development and implementation of the automated patent system and the trademark search system have received justified criticism. Indeed, 2 years ago, I requested the General Accounting Office to examine the efficiency of the Office's automation efforts. I look forward to hearing Mr. Lehman's strategy for completing the project.

(1)

Combined with the administrative tasks, the next Commissioner will confront a host of international issues. We operate in a global economy, but more and more U.S. inventors are beginning to realize that a global market is of little benefit without adequate and effective intellectual property protection. It is essential that the next Patent Commissioner be a leader in worldwide efforts to improve intellectual property protection. Intellectual property has become an important trade issue in almost every international negotiation, including the Uruguay Round of GATT, the North America Free Trade Agreement, the Biodiversity Treaty, and the Patent Harmonization, to name just a few.

We have made important strides in improving the operation of the Patent Office, but there is still much to be done. I am interested to learn of the Clinton administration's position on many of these issues, and if confirmed as Commissioner, Mr. Lehman, you have a daunting task ahead of you. However, you would bring important qualifications to the Office. I have known you for some time and have welcomed working with you, and I am glad that Secretary Brown was so strong in support of you.

As a former counsel to the Judiciary Committee, you are very active in intellectual property issues, including the drafting of the 1976 Copyright Act and the 1980 Computer Software Act.

I will put the rest of my statement in the record and yield to the Senator from Utah.

[The prepared statement of Senator DeConcini follows:]

Prepared Statement of Senator Dennis DeConcini

Today the Judiciary Committee will be considering the nomination of Mr. Bruce Lehman to be the next Commissioner of Patents and Trademarks. I would like to welcome Mr. Lehman to the Committee and congratulate him on his nomination.

Sometime ago, I wrote to President Clinton recommending your nomination to this post. I am pleased that the President and I agree that you are the best person for the job.

No single Federal agency has more impact on technology-based industries than the Patent and Trademark Office.

Our patent laws provide an important incentive to invent, invest in, and disclose cutting-edge technology.

Over the years, our patent system has consistently adapted to rapidly advancing technology.

But as we continue to forge ahead into new areas, we must ensure that our patent system continues to encourage - not hinder - innovation.

With that mission, the next Commissioner of Patents faces an assortment of vexing administrative, funding and international issues. There are no easy solutions to many of these problems.

Administratively, the next Patent Commissioner will manage the efforts to automate our patent system. This monumental task - which began in 1982 - has had its share of problems.

The development and implementation of the automated patent system and the trademark search system have received justified criticism. Indeed, two years ago, I requested the GAO to examine the efficiency of the Office's automation efforts. I look forward to hearing Mr. Lehman's strategy for completing this project.

Combined with the administrative tasks, the next Commissioner will confront a host of international issues.

We operate in a global economy. But more and more U.S. inventors are beginning to realize that a global market is of little benefit without adequate and effective intellectual property protection.

It is essential that the next Patent Commissioner be a leader in worldwide efforts to improve intellectual property protection. Intellectual property has become an important trade issue in almost every international negotiation including the Uruguay round of GATT, NAFTA, the Biodiversity Treaty, and Patent Harmonization, to

name just a few.

We have made important strides in improving the operation of the Patent Office. But there is still much to be done. I am interested to learn of the Clinton administration's position on many of the pressing issues at the PTO.

If confirmed as Commissioner, Mr. Lehman has a daunting task ahead of him. However, he would bring important qualifications to this Office. I have known him for several years. He is both an accomplished lawyer and advocate.

As a former counsel to the House Judiciary Committee, he was very active on intellectual property issues including the drafting of the 1976 Copyright Act and the 1980 Computer Software Amendments. For the last ten years, he has practiced intellectual property law in Washington, DC.

Indeed, because of his extensive background on legislation and intellectual property, this Committee requested his independent testimony last year on the controversial issue of private patent extensions.

Once again, Mr. Lehman, I welcome you to the Committee. And I look forward to hearing your views on the future direction of the Patent and Trademark Office.

Senator Hatch. Thank you, Mr. Chairman.

I want to welcome everybody here this morning, and certainly you. Senator Feingold. I would be happy to defer my statement until after you make yours, if it would help you, because I know how busy you are.

Would that be all right, Mr. Chairman?

Senator DeConcini. Sure.

Senator Hatch. Then, I'll defer and let him make his statement, and then I will make a comment or two.

Senator DeConcini. Senator Feingold, we welcome you here, and I do personally apologize for keeping you and the Senator from Utah waiting. I had a good excuse, but I won't tell you what it is; I don't want to drop names. [Laughter.]

Senator Hatch. I will always wait for the distinguished Senator from Arizona.

STATEMENT OF RUSSELL D. FEINGOLD, A U.S. SENATOR FROM

THE STATE OF WISCONSIN

Senator FEINGOLD. Thank you, Mr. Chairman and Senator Hatch.

I am pleased to be here today to introduce to the committee a fellow Wisconsinite, Bruce Lehman, President Clinton's nominee to serve as Assistant Secretary and Commissioner of Patents and Trademarks in the U.S. Department of Commerce.

Historically our country has been a world leader in terms of innovation and technological achievements. But to expand the opportunities for our country's entrepreneurs and maintain our global leadership and competitive advantages into the next century, the Patent and Trademark Office will need a leader who will be an aggressive advocate for the competitive needs of American industry.

I am very confident that Bruce Lehman will not only serve that role, but that he will excel in it.

Bruce Lehman's qualifications to serve as Assistant Secretary and Commissioner of Patents and Trademarks are extensive. He is a partner in the law firm of Swidler & Berlin in Washington, where he has developed a sophisticated intellectual property practice. Prior to that private practice, he served for 9 years as counsel to the House Judiciary Committee, and for 5 years served as chief counsel to the Subcommittee on Courts, Civil Liberties, and the Administration of Justice under the direction of the subcommittee's

chairman, my good friend from the State of Wisconsin, former Representative Bob Kastenmeier, who served us for some 30 years.

There, Bruce served as the committee's principal legal adviser in drafting the 1976 Copyright Act and the 1980 Computer Software Amendments.

His leadership in the field of intellectual property has led to his appointment to the advisory board of the BNA Patent, Copyright and Trademark Journal.

And, as if these outstanding qualifications were not enough for me to support Bruce for this position, what really put me over the top is that I found out that we grew up only a few miles apart from each other, in Rock County, WI; he grew up in Beloit, while I grew up in neighboring Janesville. Sometimes that is a source of tension, but in this case it is a source of friendship.

Bruce Lehman not only hails from the same corner of the State of Wisconsin as I do, but is also a graduate of my alma mater, the University of Wisconsin-Madison, where he received both his undergraduate degree and his law degree.

So I am delighted, Mr. Chairman and Senator Hatch, to be able to give my very strong support for the nomination of Bruce Lehman as Assistant Secretary and Commissioner of Patents and Trademarks.

Thank you, Mr. Chairman.

Senator DeConcini. Senator Feingold, I thank you for the statement, and your support of Mr. Lehman will certainly influence this committee, although I don't think there is anybody who doesn't understand his capabilities. But we appreciate you taking the time and expressing your views. It is very important to me.

At this point I would like to enter for the record the prepared statement of Senator Pressler.

[The prepared statement of Senator Pressler follows:]

Prepared Statement of Senator Larry Pressler

Mr. Chairman, I would like to welcome Mr. Lehman to the Committee. Let me congratulate you, Mr. Lehman, on your nomination. As your biography clearly shows, you have an extensive background in the areas of patent, trademark, and copyright law. You served as staff counsel to the House Judiciary Committee for nine years and as an attorney in private practice for the past ten years.

As Commissioner of Patents and Trademarks, you will be responsible for helping to formulate policies that will significantly impact the entire business community. While patents, trademarks, and copyrights are not usually thought of when international trade policy is mentioned, these areas play an important role nonetheless. Both established and emerging industries require the protection of the U.S. patent laws as a matter of routine. Certainty of these laws is crucial if these businesses are to make the informed judgments which will enable them to compete, not just within this nation, but around the world.

During my questioning period, I would like to discuss several proposals in the area of intellectual property currently under consideration: the Patent Harmonization Treaty and the Copyright Reform Act. I look forward to our discussion and your responses.

Senator DeConcini. Senator Hatch?

Senator HATCH. Thank you, Senator. We appreciate your comments. They mean a lot in this instance.
Senator Feingold. Thank you.

OPENING STATEMENT OF SENATOR HATCH

Senator Hatch. Mr. Chairman, I want to thank you for scheduling this morning's hearing.

The position of Commissioner of the Patent and Trademark Office is very important as far as I am concerned. Any nominee for that position deserves our careful scrutiny when nominated, and it is always hoped that we will be able to work cooperatively with the individual chosen for this position.

The Patent and Trademark Office faces many challenges in the coming years. Harmonization of patent laws, reconsideration of the 17-year term, implications of the NAFTA and GATT agreements, and the ratification of the Madrid Protocol creating an international trademark registry are only a few that could be mentioned here this morning. Beyond these specific issues, general questions concerning the relationship of patent laws and their enforcement to America's overall trade policy are still to be answered.

It is not often that we have before us in the Senate for confirmation an individual who has as extensive a history of working with and advising the Judiciary Committee as does Bruce Lehman. In the years I have served as ranking Republican on the Patents, Copyrights and Trademarks Subcommittee, we have dealt with many monumental changes in the Nation's intellectual property laws, and Mr. Lehman has been involved in the great majority of these legislative battles.

Mr. Lehman has aided our legislative work both as a pro bono expert on copyright and patent law, as well as in the capacity of legal counsel and representative for creators, industries, and associations affected by our intellectual property laws. In every instance, the subcommittee has benefited from Mr. Lehman's active participation in the legislative process. It is therefore very easy for me to understand why President Clinton has chosen him to head the Patent Office.

I also note that before beginning his career as a private attorney, Mr. Lehman had an extensive career in public service. This included service with the House Judiciary Committee, with the Wisconsin State government, and with the U.S. Department of Justice.

I am pleased that we are acting today on this important nomination, and I commend the administration in this case for quickly filling this post with a person as well-qualified as Bruce Lehman.

And Bruce, we are very happy to have you before the committee, and we look forward to working with you once confirmed. I see no problems at all with your confirmation and will do everything in my power to make sure that you are confirmed. We appreciate that you are willing to make this sacrifice and to take this position, which is a very honored position, and to continue to help us in the ways that you can in that position. We will rely rather heavily on you through the coming years, so we are grateful to have you here.

Senator DeConcini. Thank you. Senator Hatch.

Mr. Lehman, will you please stand and raise your right hand, please? Do you swear the testimony you are about to give the committee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. Lehman. I do.

[The biographical statement of Mr. Lehman follows:]

UNITED STATES SENATE
COMMITTEE ON THE JUDICIARY

QUESTIONNAIRE FOR NONJUDICIAL NOMINEES

I. BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full Name: BRUCE ARTHUR LEHMAN

2. Home Address: 2804 P Street, Northwest

Washington, D.C. 20007

Business Address: U.S. Patent and Trademark Office

Washington, D.C. 20231

3. Date and Place of Birth: September 19, 1945

Beloit, Wisconsin

Marital Status: Divorced

5. Education:

University of Wisconsin, College of Letters and Science
Attended from September 1963 to June 1967
B.S. Degree received in June 1967

University of Wisconsin School of Law
Attended from September 1967 to June 1970
J.D. Degree received in June 1970

6. Employment Record:

Law Clerk, Wisconsin Home and Family Council
Madison, Wisconsin, April 1968 to December 1968

Law Clerk, Wisconsin Department of Local Affairs and Development
Madison, Wisconsin, Summer 1969

Attorney, Wisconsin Legislative Council
Madison, Wisconsin, June 1970 to April 1971

First Lieutenant, United States Army
April 1971 to April 1973

Attorney, United States Department of Justice
Washington, D.C., April 1973 to January 1974

Counsel, Committee on the Judiciary, House of Representatives
Washington, D.C., January 1974 to January 1983

Attorney, Swidler and Berlin, Chtd.

Washington, D.C., January 1983 to May 1993 (Elected to membership in firm in October 1984)

Special Adviser to the Secretary of Commerce, U.S. Department of Commerce

Washington, D.C, May 1993 to Present

Member, District of Columbia General Hospital Commission
Washington, D.C, July 1987 to Present

Member, Board of Directors, District of Columbia General Hospital Foundation
Washington, D.C.. 1991 to Present

7 . Military Service:

United States Army

Active Duty: April 8, 1971, through April 7, 1973
First Lieutenant, SSN: 392-46-0780
Honorable Discharge

8 . Honors and Awards:

Elected Vice Chairman of the D.C. General Hospital Commission in 1992

Appointed to the Advisory Board of the Bureau of National Affairs (BNA) Patent,
Trademark and Copyright Law Journal, 1992

Honored for Service to D.C. General Hospital at the D.C. General Hospital Foundation
Annual Dinner, February 1992

9. Bar Associations:

Mandatory Bars:

Member, District of Columbia Bar, 1975 to Present
Member, State Bar of Wisconsin, 1970 to 1979

Other Organizations:

Member, American Bar Association
Member, American Intellectual Property Law Association
Member, Federal Communications Bar Association
Member, U.S. Trademark Association

10. Other Memberships:

Groups which lobby public bodies:

American Civil Liberties Union

Americans for Democratic Action

Business and Professional Association of Georgetown

Citizens Association of Georgetown

D.C. Democratic Party

Gertrude Stein Democratic Club

Human Rights Campaign Fund

Lambda Legal Defense Fund

National Gay and Lesbian Task Force

NAACP

Other Organizations:

Bascom Hill Society (University of Wisconsin Foundation)

Capitol Hill Club

Corcoran Gallery of Art

Emergence International

First Church, Christ Scientist

Friends of the Kennedy Center

National Democratic Club

National Trust for Historic Preservation

University of Wisconsin Alumni Foundation

8

11 . Court Admission:

District of Columbia Court of Appeals, April 1, 1976, to Present

Supreme Court of Wisconsin, June 1970 to 1979 (I permitted my membership to lapse
because I no longer lived or practiced law in Wisconsin, and had no intention to return to that

state to live or practice law.)

12. Published Writings:

"Copyright and the New Communications Technologies", Law and Television of the 80s. New York University School of Law, 1983

"How Uncle Sam Covers the Mails", Civil Liberties Review. May- June 1977

Testimony before the Senate Judiciary Subcommittee on Patents, Copyrights and Trademarks as a pro bono, expert witness on patent terra restoration legislation, August 1, 1991.

Testimony before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice as a pro bono, expert witness on reform of the Copyright Royalty Tribunal and Compulsory Copyright Licenses, September 18, 1985.

13. Hecdtth:

Excellent. Last Physical Examination, April 1993

14. Public Office:

Appointed to membership on the D.C. General Hospital Commission, 1976 to Present

15. Legal Career.

a. Chronology of law practice:

1 . I never served as a judicial law clerk.

2 . I have never practiced alone.

3 . Immediately upon graduation from law school and admission to the bar, I served as a staff attorney with the Wisconsin Legislative Council, an agency of the Wisconsin Legislature. In this capacity, I advised committees of the Legislature, performed law revision studies, and drafted legislation. This position was held pending an expected call to active duty in the United States Army. (June 1970 to April 1971)

While on acuve duty in the United States Array, I was assigned to the Office of the General Counsel, Headquarters, United States Selective Service System, where I worked on legal matters relating to the operations of the Selective Service System. (July 1971 to April 1973)

From April 1973 to January 1974, I was employed as an attorney with the Criminal Division of the United States Department of Justice. During this period, I was principally involved in reviewing Federal court decisions to determine the advisability of appeal by the Government or the filing of a petition for writ of certiorari with the Supreme Court

From January 1974 to January 1983, I served as Counsel to the House Committee on the Judiciary. My practice involved providing legal counsel to the Committee and its Subcoranilitree on Courts, Civil Liberties and the Administration of Justice. Duties included: drafting legislation, conducting oversight investigations, organizing public hearings and drafting committee reports. Areas of law included: patent, trademark and copyright law; First and Fourth Amendment matters; the

structure and organization of the Federal courts; the Legal Services Corporation; and the Federal Bureau of Prisons.

From January 1983 to May 1993, I was engaged in the private practice of law with the law firm of Swidler and Berlin. Chtd. The focus of ray practice was intellectual property law. I represented trade associations and corporations on a variety of matters, including patent, trademark and copyright legislation, licensing of Government-owned and patented inventions, international copyright law, copyright and trademark litigation, copyright regisu^tion matters and the prosecution of trademarkic registrations before the U.S. Patent and Trademark Office.

b. 1 . What has been the general character of your law practice, dividing it into periods with dates if its character has changed over the years?

During the ten-year period following discharge from the U.S. Army, I was • employed by the United States Government. Except for the short period, described above, during which I woriced for the Department of Justice, ray practice was that of legal counsel to a congressional committee. In the ten-year period since leaving Capitol Hill, I have practiced with a prominent Washington, D.C., law firm. The firm grew from 17 attorneys to approximately ICX) during the period of ray association with it My practice consisted of advising clients on various aspects of intellectual property law. with a heavy emphasis on patent, trademark and copyright legislation. In addition, I prosecuted trademark registrations, assisted clients with copyright registrations, advised on licensing agreements and, on occasion, participated in litigation on behalf of clients.

b. 2. Describe your typical former clients, and mention the areas, if any, in which you have specialized

My typical former clients were trade associations and corporations. As staled, I specialized in intellectual property law, with an emphasis on legislation and international law in the area of intellectual property.

c. 1. Did you appear in court frequently, occasionally, or not at all? If the frequency of your appearances in court varied, describe each such variance, giving dates.

I rarely appeared in court. My most recent court appearance was an amicus brief filed in 1991 in the Second Circuit, on behalf of the Software Publishers Association in a

copyright and trade secrets case.

c. 2. What percentage of these appearances was in:

- (a) Federal courts;
- (b) state courts of record;
- (c) other courts?

All of my litigation experience was before the Federal courts.

c. 3. What percentage of your litigation was:

- (a) civil;
- (b) criminal?

All of my litigation experience involved civil law.

c. 4. State the number of cases in courts of record you tried to verdict or judgment (rather than settled), indicating whether you were sole counsel chief counsel, or associate counsel.

I tried no cases to verdict. My role in litigation was either as counsel in the filing of amicus briefs or in advising trial counsel on intellectual property law aspects of a case.

10

16. Litigation : Describe the ten most significant litigated matters which you personally handled. Give the citations, if the cases were reported, and the docket number and date if unreported Give a capsule summary of the substance of each case. Identify the party or parties whom you represented: describe in detail the nature of your participation in the litigation and the final disposition of the case. Also state as to each case:

- (a) the date of representation:
- (b) the name of the court and the name of the judge or judges before whom the case was litigated; and
- (c) the individual name, addresses, and telephone number of co-counsel and of principal counsel for each of the other parties.

As described, my law practice did not primarily involve litigation. The only matter which I personally handled as the counsel of record was the amicus brief referred to above in Computer Associates v. Altai . 982 F.2d 693 (2d Cir. 1992). The brief was filed on October 30, 1991, in the appeal of a case before the U.S. Court of Appeals for the Second Circuit The judges on the panel were: Altonaga, Mahoney and Walker. Counsel for the appellant in the case was Stephen D. Kahn, of Weil, Gotshal & Manges, 757 Fifth Avenue, New York, New York. Counsel for the appellee was Susan G. Braden, of Anderson, Kill, Olick & Oshinsky, 2000 Pennsylvania Avenue, Suite 7500, Washington, D.C. 20006.

17. Legal Activities: Describe the most significant legal activities you have pursued including significant litigation which did not progress to trial or legal matters that did not involve litigation. Describe the nature of your participation in this question, please omit any information protected by attorney-client privilege (unless the privilege has been waived)

My legal representation of clients fell into five basic categories: 1) counseling clients on the law of intellectual property; 2) drafting legislation and congressional testimony and representing clients before Congress; 3) representing clients before the U.S. Copyright Office in matters involving copyright registrations; 4) representing clients in trademark proceedings at the U.S. Patent and Trademark Office; and 5) counseling U.S. clients and drafting position papers on intellectual property law to be presented to foreign governments, primarily the Commission of the European Communities.

1) Counseling clients on the law of intellectual property.

During my ten years in the private practice of law, I routinely counseled clients on intellectual property law as it affected their businesses. This sometimes involved working with litigation counsel in matters involving or likely to involve litigation. The most important matters which involved litigation in which I worked with Lotus Development Corporation and its litigation counsel on copyright issues were Lotus Development Corp. v. Paperback Software, Inc. and Lotus Development Corp v. Bodand, Inc. In both of these matters, I counseled the client and its litigating counsel on copyright law issues and copyright registration issues related to the cases. Another client whom I provided counsel on registration matters as related to potential litigation was Adobe Systems, Inc.

In addition to legal issues involving actual or potential litigation, I answered questions on a regular basis from clients of Swidler and Berlin in patent, trademark and copyright law. Another part of counseling clients involved performing intellectual property audits. This involved examining the intellectual property assets of the client and determining the appropriate protection for each asset (e.g., patent, trademark, copyright or trade secrecy). I then prepared the copyright or trademark registration applications or worked with patent counsel to prepare the patent application, as necessary.

In the trademark area, I routinely assisted clients in selecting an appropriate trademark for goods and services and conducted and reviewed trademark searches to determine the likelihood of confusion involved in the use of a potential mark. Also, I advised clients on the feasibility of protecting intellectual property in other countries.

11

2) Drafting legislation and congressional testimony and representing clients before Congress.

Much of my career has involved work as a lawyer in the legislative process. Immediately upon graduation from law school, I served as legal counsel to a state legislature. This involved drafting legislation, advising legislative committees on bills pending before it and preparing of legislative reports and documents. From 1974 to 1983, I served as counsel to the House Judiciary Committee. My work there involved advising the Committee on the current law, analyzing and making recommendations on proposed legislation, organizing oversight and legislative hearings, and drafting legislation and committee reports. I worked on every patent, trademark, and copyright-related bill considered by the House Judiciary Committee during my nine-year tenure as counsel. I also assisted the Committee in oversight of the U.S. Patent and Trademark Office during that period.

During the last ten years, I have represented clients with an interest in legislation pending in Congress. Normally, this process involved meeting with the client to determine the particular need of the client, drafting proposed bills or amendments to meet the needs of the client, working with the client to explain their concerns or proposed bills to Members of Congress with an interest in the subject matter, and preparing Congressional testimony.

3) Representing clients before the U.S. Copyright Office in matters involving copyright registrations.

Most copyright registrations are routine and do not require the assistance of an attorney. However, from time-to-time the U.S. Copyright Office must make determinations of copyrightability of a work pursuant to its powers under section 107 of title 17, United States Code. I represented clients before the U.S. Copyright Office in such cases. Matters in which I provided legal counsel and representation included U.S. Copyright Office decisions on registration of screen displays generated by computer programs, copyrightability of user interfaces, and registration of computer programs which generate typefaces.

4) Representing clients in trademark proceedings at the U.S. Patent and Trademark Office.

On behalf of clients of my law firm, I engaged in an active trademark registration practice. This involved preparation of applications for registration of particular marks, preparation of briefs in response to initial refusals to register by the trademark examining attorneys, appeals from the examining attorneys to the Trademark Trial and Appeal Board and practice before that Board in situations involving opposition to marks which had been published for registration.

5) Counseling U.S. clients and drafting position papers on intellectual property law to be presented to foreign governments, primarily the Commission of the European Communities.

From time-to-time, I would be called upon by clients, primarily in the computer software industry, to provide legal counsel with regard to questions of international law. The most important example of this representation was preparation of the formal comments of the U.S. Business Software Alliance which were submitted to the Commission of the European Communities (E.C.) during the process of the Commission's drafting the "software directive" which established a uniform copyright law regime for E.C. member countries. From the point of view of my clients - all U.S. companies - this was a successful exercise which resulted in the European Community adopting a legal system for the protection of software which is harmonious with U.S. law.

12

n. FINANCIAL DATA AND CONFLICT OF INTEREST

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock, options, uncompleted contracts and the future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers. Please describe the arrangements you have made to be compensated in the future for any financial or business interest

On May 10, 1993, I began an unpaid leave of absence from Swidler & Berlin to accept a position as special assistant to the Secretary of Commerce. This is a temporary appointment. The President has nominated me to be Assistant Secretary of Commerce and Commissioner of Patents and Trademarks. If I am confirmed by the Senate, I will terminate my relationship with Swidler & Berlin. At that time, pursuant to a previous agreement, I will receive a refund of my capital contribution to the firm and my share of the accumulated profits to the firm from April 1, 1993 (the date of the last distribution of profits) to the date on which my unpaid leave of absence began. I have no understanding regarding future employment with Swidler & Berlin or any other entity following my completion of Government service. In addition to my capital contribution and pro-rated share of quarterly profits from April 1 to May 9, 1993, I will receive my vested share of the firm's target benefit pension plan, for the period of my service to the firm through 1992. I will receive no other payments or contributions from my former employer. I expect to receive no compensation from any other employer, client, business relationship or customer, other than rent, interest and dividend income from the savings and investments which are described in my financial statement.

2. Explain how you will resolve any conflict of interest, including the procedure you will follow in determining these areas of concern. Identify the categories of litigation and financial arrangements that are likely to present potential conflicts-of-interest during your initial service in the position to which you have been nominated

Should any matter come before me which involves a potential conflict, or appearance of a conflict, including a matter involving a former client, I will bring the matter to the attention of an ethics official in the General Counsel's Office of the Department of Commerce. Should I be advised that the matter may involve a conflict of interest, I will recuse myself from involvement in the matter or take other appropriate action, as advised by the Department's ethics official.

I believe that no category of litigation or financial arrangement is likely to present a potential

conflict of interest during my service in the position to which I have been nominated, given my ethics agreement

3. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service in the position to which you have been nominated? If so, explain.

I have no plans, commitments or agreements to pursue outside employment of any kind during the period of service in the position to which I have been nominated.

4. List sources and amounts of all income received during the calendar year preceding your nomination and for the current calendar year, including all salaries, fees, dividends, interest, gifts, rents, royalties, patents, honoraria, and other items exceeding \$500 or more.

13

See attached copy of the financial disclosure report (Attachment 1) under the Ethics in Government Act of 1978.

5 . Please complete the anached financial net worth slitement in detail See Attachment 2.

6. Have you ever held a position or played a role in a political campaign ? If so. please identify the particulars of the campaign, including the candidate, dates of the campaign, your title and responsibilities.

I was a volunteer worker in the "Clinton for President" campaign beginning in January 1992.

As a volunteer, I participated in fund-raising activities on behalf of the campaign and beginning in July of 1992, I assisted legal counsel to the campaign in legal research related to the campaign.

In 1990, I served as finance chair in the "Zais for Council" campaign in Washington. D.C.

m. GENERAL (PUBUC)

1. An ethical consideration under Canon 2 of the American Bar Association's Code of Professional Responsibility calls for "every lawyer, regardless of professional prominence or professional workload, to find some time to participate in serving the disadvantaged. " Describe what you have done to fulfill these responsibilities, listing specific instances and the amount of time devoted to each.

My primary service to the disadvantaged has been through my membership in the D.C. General Hospital Commission and the D.C. General Hospital Foundation Board. These activities consumed roughly 20 hours per month of my time. D.C. General Hospital is the primary intensive health care institution in Washington serving the low-income and uninsured population. In addition to serving as the Vice Chair of the Commission, I have served as the Chair of the Legal Affairs and By-Laws Committees, as well as Chair of the Human Resources Committee. In my role as Chair of the D.C. General Hospital Foundation, I have been involved in raising funds for construction of a pediatric intensive care unit at the Hospital

2. Do you currently belong, or have you belonged, to any organization which discriminates on the basis of race, sex, or religion - through either formal membership requirements or the practical implementation of membership policies? If so, list, with dates of membership. What you have done to try to change these policies?

No.

14

ATTACHMENT 1

>

■? - ^

= " " = , ,
. - £ £ £ £ c

5 ill*.

It
2if8

C b M

III

ill

n

Ci?-!

c -c _

; fc .1 = H

^ . _ *(t or-. -

5- « £-

i. C

t3 r

c -

e -

n%H

'J. £

£ "2 .c .; =

F :j K C ^ ^ . _;

± -5 C- K . = > r.

•5 Z

3 -i C J

z "

f -

.£ c e; fe ^ u

t- 'e !■\$

■-■ i

_ £ x

- Q e f

3 ;

I ? =

< £ r

1-6 : - : i

i r.

t4

z a

.r - *o - 5

= ; .r;=j: 1 s-c

Elg;5 11

•=1

_ e r. •<

5 >. = »

K K -i : ^ -^ 5 V "■= z i i I

3

c

en

s

<

<

o

J-

CU

"y

c

>

D

1^.

is

2 t

c 3

1\

D

II

o o
~n in

o o

S

in
nj

3

. t :
III

f f;

D

D

15

a
mm
u

b000CO'.S '

uCiL/xj :s- ioco&:5

L'Xi0uIS" '.0-^o1rb

uxots- ;cjs;s

u00SIS- ICuSS

c = c

O u 3 .

000 is ■ ioi Ci

t/ji: cs ■ iu'j ;s

ooo IS- ;ocs

(10JS =='M> «raiJo)»uo\

C t/: ^

isnji pJiJiimo

l^wX P^V^Jji''^

'. tu|«3|nidt3

IUJ^UJ

Mn]«Ai>^ pu« iu»y

CpiUptAIQ

jeojuwo is.-'?*o

000'000'IS-.IM00SS

oooooss ■ 1000SCS

C00'0SZS-I00'00IS

ooooois- 1000SS

000 OSS- 100SIS

000SIS- 100 IS

(100 IS "'Kl'"!-"'* ""ON

m.

^ ° f.

o = o
' c -

*' i %

n

; ■ i.

- ■ €

8=°

to xJ

<U IB
0) 2

o

■^

i--....

u

IT! p

c
■a -S

a

o

IC ^

■J

fo

^

16

Q

.X

o

3 c - •;: •

^4' n

c =
o *-

. o

i.E

-C-U

« c
S.-5

oj c
c «

*■ o -

000001\$ •'»*o

OCO'000IS- 100 001 s

000001 J • looe*

oooes ■ 10091S

oosis - looss

000 ss - loi zs

OOS^ZS • 100 IS

000' IS - 10ZS

: i'

■ 8

CLOZJ ""M> •"! •") ""^N

O loH.

»»^ip»!;n'"6

UTUXP'tdJ3i3

pnnj »< n Bo n »m pn<Uu3

raibQ iviidBQ

. _ . >*unu|_ ,

nniaXoy puv iu>ij

•pupuiQ

000001\$ •'**o

ill; i

, ■.ooo'ooont-ioQooss

00000S\$ - 100 09Z\$

.. <_:--- 5<>'0SU.-"1000I3

000001\$ - too 0S\$
y«»'f1^U)0S13

00051\$ -1001\$

[I00'1\$ o>>1». "»1 ■^) •"ON

3

1

■55

o «

IP,

1?

'St

St

•1 T

: &

f

c

i

: T)

D

-1-

■ 5 ■

5 -i

1.4

<3 . e.

i . &

s

Ci.

■D

0 o<

c to

-H a.

^s

cr> 4->

= a

E H

c •

o
u

(J

c

c

in

17

31- tS

1 ■:- 1\

000 000' IS ^~o

<

"a"

a

u

Z ;;

E -o

"T c - =
= -2 c *

uoooo;c;s iooc;\$

00000IS • 100 o?s

000 &?s ■ 100 s:s

000 s:s- I009S

■ "iCiS CJ

C00iJ

uxii ■ :oo :s

000 13 • ;kj

lloZS "M1 •"! ■") "'N'

◆"mp^jn*""^

- ««Uipa»aMi3 -

pol\i t nT Oo mn i p*|dui3

auiac) («iav3

»i»u1

s«a|uoy puv tu^

«paap(A(Q

■ 000000 i^-»»o

oooooont-iooooo

0000091 - IQOCfSZi

ooo'osa- looooit

00000IJ- 1000SJ

000'0SS-V100SIJ

ooosis-iooit

^^^"f

Xs inq< mt{ Ja) •oofj

-* 3 0 Q

- X ■ o • •

SS-g I Si

■5 E

II

^ = s t

E

D

c

7^

3-

^

m dj

8m5

O u
U (U

in <*,
>^ u
in t,

c :■

13

in

4

:a

a'''

51

"5 tn

3

QJ fM

P IT-

'J

J

18

19

, ■ -1 r

IMJiilt

D

i ?■

U<J<I

.-li ,

- k

-*

-

I

- H»(

«-.t 1 1 1 1

2

5 * . "■ 1

1

■I(JU

^^1 1 ! 1 1 1

1

1

I

s

uc

f*,rs

j

~

i. -

f

■«r.

no:s

1

. a ■■

*!

UUU

•i.ft 1 1 1

i ? ; -

/

D

Z

1

• tw

«s • ! 1

c u & -

R

1

• lu.

•;;? 1 1 1

uw,

"'III 1

H 4 i

'.It 1 ' 1 1

r » ? •?

- * C C

^

"T •? j

s

i z

-

z

5>.

i

> ^- = •?

V- -r

li

■*

Er N

: « 5 i

.r ^

MJ«H

Ti

Z <

1^

K -^ . = ; .

F r" >^ i

I ^

•1»S

mi

1 ,

*-■-■-

)

a0T«4>

'^ _

•l?ti,:

'^ S

1 1

,

i111

.E 1 ^ c ;

i « 3 £ <-

,

1-1

'S

-g I o a

"

•J i; o = 3

5 5 = 3

« 5 -• 2 -S ■•= J

CJ * E • c 3

5 9.'

1 1

t

•J;

u

CO

o ^ jc a
o -3 = ^

= 1

m

;■ "-

>< fe CO „ i 3

3 ■

5'J

liivl
hill

3
J
J
c
2

"3 i_ •
1 -nil
l;i
si ^
J ' ?

i- s

i5 5-s?»E

III J

5 " ^ £ c =
? ^ o o c

3

C S 9 £ = ' ^
cf1 ^ ? o £ j:

,

2 111 1

c

ID
- C

i: J | s ^ =
r- c c- c ^ 1. " i

<

E o

C8 o tt p i °

■ i n
< c

1 .5

f^ t; J E ^ *- i
t f i i -s : ■: E .

lie
1:1
e , c

z

i c

- - = ^1-2

C £

- c

' ■ ^

■:

■•^ - r > 'z.'~

1 -^

w f r ■ 5 -

i

' - L ■ 1

" - " - - ~ w

' ■ 1

"- - z ' ? ■

r

•* :"-£.-

; i

•

1

1

1

20

C/2

D

u;i .1

tu.^'.s i

Hr

r 3 c

P L ^

ib-i

o = S-^
- 2 ? -K ■

c - t: i -

J i

3 >
- I c

};!

n

z

t i

CO "o

o

r-

rt

<

c

in

n

o

o

o

-u C

E °-

H3

3 = t^

t >■ -

t J -

n ^^

1 i i

^_^ "

M?

S^E

Hi

tx E ; ;

I.

si

■SI

IJ

Jl

li

ri

if

J s.

•1

|1

c

s

10

o

E

o

■s

8

o

8

c

c

c

c

'i

O

C

c
a;

c

G

8.

ci

J

4.

^1

21

.4.,

4.,

I

^

A

B

c

CI

1

c

D

s'

t

in

,nn

1^

in

1

»J

0.

c-

' 11

c

u

^

1

^ J ■?

to

c

U

u

^ ' ~

, » .

c

, 0

Ui

Jc

1

1

00

CO

Mi:

8

^

^

tj

>

s

'c

z.

c

1

^^

c

o

? *"

o

t

1

o

s t o t

c

>

s

J->

n

.- <

^

1.1

in

s.i

<

c

”

CI

E

i:

^

I ti

• I |

1

u-1

u

J i

i-5

3

J

c

j-i

u-1

tn

hi

s

p'-'

t-t

1-1

i "1

Ui

i

A

to

-^

Q

4-1

t-1

.f o c

I

T0

1

in

4-)

0J

Hi

1

e

1-1

c g 2

i fe °

C

ir.

6

i-i

a

6

tJ

Hi

•

£

1

6

3

8

> 1

III

^

>

o

^H

C

1

u

c

d

c

t-i

-- ^ >>

o* e *J

c

1

1/

1^ S

S £ >

4-1

S

5

tr

1

•g

E

5

j-1

cJ

6

c

Q

e"--

01

1-1

gill

T3

.s

S

E

n

K

111

i

c

to
u

\$

It

6

•g

^

(U

1

1- (

;2

C 3 •

<5

in

ID

5

i

1-1

D
tn

8

in

c

6

c

HI

0-1

8

D

R •< •

■5

1

in

0J

8

^

tf

C
M

∴

.-3

H

w c ^

.l^

g

O fell

1

>

in

J-

U-1

6

■ C

T*

c 'J ^

JJ c

d >* S

i

u

u

in

o

u

o

1-1-(

• S 8.

E

»- (

•H

^ - " w

«

Q)

<D

>

-*H

u

^31 fe

%

_S

OJ

8
C

1

to

in

to

>

•B

ID

cc

Sill

-

g

2

n

o

68

2 Ct,

a. El J

o ■=""
o

>

-a

1

t-4
f- 1

a

1
<

8

to

•5

t-

u

> s

fc1 fe

8

tn

in

6

X)

n

oii^-

£

-1

*^ 1^1

« a o

«^ 1. £ 8.

U

t- (

ID

H

(D ^SS

0) -0 3 "o

<

S

■0113

Q

8

a
1

D

±1

X

.-H

i

-H

in

Sill

III ^

1

e

2

1

J

(0

U

o

c

U1

c

o I-?

3

1

?

1

<

u

E 1-1

I J3

Cist

J5 = ^ S

1

f

1'

* *

3;

- (

5

.-H

s

U-1

in S o. °
C S'J i

C 1 t c

1

1

S

!■

X ,

1

c

c

-.H

^ c

O .E g -

< .

1

tj

t!

E

1;

3

•a

; 03

- ■

fr

---(

-H

c - .i:

5

S

tu

i E

i

r" = 1 V

z. •C

tr.

tn

5

i;i

T3

"^

-'

1., - J. _

"■

J

1

3

22

ATTACHMENT 2

FINANCIAL STATEMENT
NET WORTH

Provide 4 complete, current (mancial net worth statement which itemizes in detail all assets (including bank accounts, real estate, securities, trusts, investments, and other financial holdings) all liabilities (including debts, mortgages, loans, and other financial obligations) of yourself, your spouse, and other immediate members of your household.

ASSETS

LIABILITIES

Cash on hand and In banks

15

nnn

Notax par*til< to twnt*- «curad

Notam payabia to banfca- un»aeur»d

Notai payabia (D raiaUwi

Hotu payibia Co atti*rs

Accsuna and b>Ut du«

Unpaid Incnma Ux

CXhar unpaid Ui and (ntamt

Raal mttta mortstcn payabia- add
ach«dula

Ound mortsafci and octiar llani

payibla

Cnhf dabt>- llam1za:

1

U.S. Cox*""""*| t»o<nnai add
acioouia

Uoad »«eun0a»- *dd «««i»duU

44

M\

1

Uniitttd Meunli»»- add »eJ\«dul«

128

802

1

Accnuna and noUt ncarvabU:

1

Qua trom taianwi and (nandi

1

355

nnn

1 .nqn

nnn

1

Raai raula m«rtc<(** r»eai»a6la

1

150

000

Aul01 and otftaf partonil propwrty

Citn vaiua '■<• Iniunna

■ -- ■

Otnar a •«!>'- tamlxaj

Swidler & Berlin, Chtd.

143

fi74

Target Benefit Pension

Plan

ToUl lUbililia

Nat 'monn

Total li«binu« and nrt ».orth

355

000

1,236

809

Tcnal aiun

1.591

anq

1,591

809

cawnNCCNT uabilitics

CCHERAL INFORMATION

Aa •naorM'. oomaaaf or fuannlor

Ara any axa«a pladgad? (Add acAao-
ula.)

Art ynu dafandant In any uuiti or
U«ar actloni/

Hava you «vai- Qkxn banuupicyr i

1

On laaaaai or Gonuacn

Le«al CUimt

Prvvdion for Tadaral Inccni« Tat

Other special asset

-

1

23

SCHEDULE

Listed Securides

Franklin Gold Fund

\$ 5.317

40IKP/SPLN

G.T. America Growth Fund

11.447

Prudential Municipal Bond Fund

13.532

High Yield Series: Class B

Prudential Bache Capital Return Futures

5.600

(Self directed pension fund)

Prudential Global Fund: Class B

2.826

Putnam High Income Gov't Trust (IRA)

2.448

Telefonica de Espana, S.A.

3.213

S 44,383

SCHEDULE
Unlisted Securities

Unisys Corp. #3.75 CV PFD \$ 12.862

(Self-directed pension fund)
Tax Exempt Securities Trust 334 NatL ' 51,174

Trust 168
Refundable Capital Contribution to 25.000

Swidler and Beriin. Cbtd.
Blackrock 1998 Term Trust 10,000

(Self directed pension fiind)
Blackrock 2001 Term Trust 10.312

(Self directed pension fund)
Great Western Financial Corp. 6,300

(Self directed pension fiind)
Equity Income FD Concept Series Unit 5,154

Environmental Technology
Pru-Bache Energy Income Fund Series VI P 24 8.000

\$ 128,802

SCHEDULE

Real Estate

Propcny

iliii: •

2804 P Street, NW (Residence)
Washington, D.C

\$700,000

1771 Swann Su NW (Rental)
Washington. D.C

250,000

770 South Palm Ave. (Second residence)
Sarasota, Florida

140.000

\$ 1,090,000

SCHEDULE

Real Estate Mortgages Payable

Property Mortgage Payable

2804 P Street. NW (Residence) \$ 200,000

Washington, D.C

1771 Swann St.. NW (Rental) 125,000

Washington, D.C

770 South Palm Ave. (Second residence) 30.000

Sarasota, Florida

\$ 355,000

24

TESTIMONY OF BRUCE A. LEHMAN, OF WASHINGTON, DC, TO
BE COMMISSIONER OF THE U.S. PATENT AND TRADEMARK
OFFICE

Senator DeConcini. Mr. Lehman, please proceed with any opening statement you care to make.

Mr. Lehman. Thank you very much, Senator.

I would like to thank Senator Feingold for coming over here this morning and introducing me. It is very gratifying to have someone from my own home county introducing me this morning. And I particularly want to thank both the chairman and Senator Hatch for their statements of support this morning. It is very gratifying to me.

It is also very gratifying to me, Senator, that Secretary Ron Brown and President Clinton also took your advice and nominated me. I have had many opportunities, obviously, to work with Secretary Brown, and it is going to be a very nice working relationship, and I am very grateful to him for supporting me, and also, of course, to the President for nominating me.

As you have indicated in your statements, I am not a stranger to this committee or to the subject of intellectual property. I have appeared before you as a witness before, and of course, for 9 years, primarily in the 1970's and the very early 1980's, I was the chief counsel of the House counterpart subcommittee that shares jurisdiction in the Congress with this committee, and had during that period the opportunity to work with both of the Senators who are on the dais today and some of the staff people who are behind the dais, and many others who have moved on to positions of leadership in the law and the area of intellectual property.

Those years of service were among the most rewarding in my whole career. Senator Hatch indicated he appreciated that I was making the sacrifice in coming from private practice into government, but Senator, I really consider it to be a great honor and hardly a sacrifice.

My years working for the House Judiciary Committee really were the happiest in my life, and I really look forward to resuming that great satisfaction of working in the public interest.

I think one of the advantages of our system is that we do not have a government that is completely run by either necessarily career politicians or career civil servants. Particularly for leadership positions in the executive branch, we encourage people to serve for a while in government and also get experience in the private sector which the Government serves.

My years at Swidler & Berlin, 10 years in private practice, have given me a perspective which I think will make me a lot better Commissioner of Patents and Trademarks than I would otherwise be if I had come directly from governmental service to this position.

Ajid I think the most important aspect of my period of private practice is that it has given me a perspective of what it means to be a customer of the Patent and Trademark Office. I would like to take this opportunity, Mr. Chairman and Senator Hatch, to make a pledge to you, which is that under my leadership, if I am confirmed, I want the Patent and Trademark Office to be customer-oriented. That means both internally, the various entities within the Patent and Trademark Office that serve one another should

25

have that point of view; and it means externally, that the attorneys who file petitions before our Office and the clients they represent are our customers, and we need to give them the best service possible.

There is another aspect to the Patent and Trademark Office besides the issuance of patents and the registration of trademarks, however, and as you know, the title of this position is Assistant Secretary of Commerce and Commissioner of Patents and Trademarks. That reflects the growing importance of intellectual property that you have both referred to in the national economic sphere. The President has a need, particularly in the trade area

and also with regard to technology policy, to be advised by the Secretary of Commerce and by this particular Assistant Secretary on very important trade and intellectual property matters that affect the economy. And I do not intend to shirk these responsibilities and intend to take them very seriously.

As the world's leading creator of intellectual property, our country's trade balance is adversely affected when other nations fail to protect patent, trademarks and copyrights of American owners effectively. And I can pledge to you that I am going to work with the President, with the International Trade Administration in the Department of Commerce, the U.S. Trade Representative, and with the Department of State to make certain that in the multilateral and bilateral context in which our Government has to function, the interests of American intellectual property-based industries are adequately protected.

Finally, Mr. Chairman, I think this is a very unusual subcommittee of the Senate and the Congress in that it has been characterized by bipartisan leadership. There has been very little partisan acrimony here. Frankly, I think of the area of intellectual property as not an inherently partisan area of the law, and I look to your example and your leadership in my own coming administration, if I am confirmed, of this area of executive branch policy. I hope that we can all work together as a team to do what is best for our country. I think, if you agree with the President and decide to confirm this decision and appoint me to this position, that it is going to be a very good 3 1/2 years that we have remaining, and we will accomplish a lot.

Thank you very much.

[The prepared statement of Mr. Lehman follows:]

Prepared Statement of Bruce A. Lehman

Mr. Chairman and Members of the Committee: Thank you for this opportunity to appear before you today. I would also like to thank Secretary Ron Brown for recommending my nomination as Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, and President Bill Clinton for nominating me to this important post in his Administration.

As you know, Mr. Chairman, I am neither a stranger to this Committee, nor to the Patent and Trademark Office. At your request, I have appeared before your Subcommittee as a pro bono, expert witness on patent legislation. And, for nine years, from 1973 to 1983, I served as counsel to the House Committee on the Judiciary with specific responsibility for patent, trademark and copyright law matters. During that period, I was privileged to work with the Members and staff of this Committee when it fashioned landmark legislation in the field of intellectual property. It would be particularly gratifying to have the opportunity - a decade later - to lead a Patent and Trademark Office which has been greatly strengthened by those legislative accomplishments. These include a sound system of financing the Office's operations,

26

the computerization of the patent and trademark search files, a patent law strengthened by a system of reexamination, and the consolidation of patent appeals in the Court of Appeals for the Federal Circuit.

My years in service to the Congress were among the most rewarding in my career. And, I eagerly look forward to this new opportunity to serve our Nation. However, I believe that my years as a private practitioner of the law have also helped to prepare me for the tasks which, with your approval, I am prepared to undertake. As a member of the firm of Swidler & Berlin, I had the opportunity to learn the intellectual property law system from the perspective of those whom it is intended to serve - America's private sector creators. My practice brought me into close contact with some of America's most dynamic intellectual property-based industries in fields such as manufacturing, chemicals, communications, motion pictures, and computer software. It also gave me an opportunity to practice directly before the Office - to experience being a direct "customer" of the Patent and Trademark Office.

I would like to take this opportunity, Mr. Chairman, to pledge to the patent and trademark bars, and the creative and business communities on whose behalf they petition the Office, that efficiency and quality in the examination of patents and trademarks will be my highest priority. I also commit to the President and to this Committee that I will not neglect the role the Assistant Secretary plays as part of the President's economic and trade team. The President has pledged to promote the rapid development of a high tech, high wage economy which will benefit all Americans. He has also made it clear that he intends to strengthen America's role as the leading exporter of goods and services to the world. I look forward to the opportunity, as Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, to support the President and the Secretary of Commerce in the development of the intellectual property policy component of the Administration's program.

Rapidly growing industries such as biotechnology and computers require a sound and efficient intellectual property system if they are to meet their full potential. It is important that the patent and copyright laws covering breakthrough technology in these areas be sufficiently clear and unambiguous to enable the R&D community to be able to make well-grounded business and investment decisions. Confusion in the law makes it difficult to know what technology is in the public domain and readily available to all to use, and what warrants the large and risky investments which can be made only with the certainty of intellectual property exclusivity.

If confirmed, I intend to see that confusion surrounding the new technologies is kept to a minimum by anticipating technological developments and working with the patent examining corps, the Solicitor, and the Board of Patent Appeals and Interferences to establish clearly understood and uniform policies governing standards for examination of patent applications. These policies also can be clearly articulated in judicial proceedings involving the Office. Of course, there are times when there will be a need for legislation to deal with a new technology or a new circumstance. Similarly, if confirmed, I pledge to work with the trademark examining operation and the Trademark Trial and Appeal Board to ensure that we respond to the needs of the business community. We will work closely with this Committee and its House counterpart to see that Congress has the information and expert advice it needs to deal with these situations.

As the world's leading creator of intellectual property, our country's trade balance is adversely affected when other nations fail to provide adequate patent, copyright, and trademark protection or when they tolerate piracy or counterfeiting. As under previous Administrations, the Patent and Trademark Office will work with the International Trade Administration, the United States Trade Representative and the Department of State in a multilateral and bilateral fora to resolve these prob-

Icms.

Mr. Chairman, the bipartisan cooperation under your leadership and that of Senator Hatch, which has characterized the work of this Committee, is a model of the kind of relationship that I hope the Department of Commerce can develop with you and your colleagues on intellectual property issues. I look forward to your Committee's oversight of the Patent and Trademark Office and to working with you in a joint effort to see that our Nation has the best intellectual property system in the world.

I shall be happy to answer any questions you or your colleagues may have.

Senator DeConcini. Thank you, Mr. Lehman. It might be 7V2 years; you can't tell.

As you know, Mr. Lehman, for several years, multilateral efforts have been conducted to harmonize international patent procedures

27

through the World Intellectual Property Organization. Indeed, a diplomatic conference scheduled for last month in which the signing of the treaty was to take place was canceled because we did not have a patent commissioner. And last Congress, I introduced with the Senator from Utah legislation that would harmonize our patent laws with those of other countries. I did not introduce the legislation with the intent of passing it, although it would have been nice to do so; rather, my intent was to begin the debate. And I wonder if the administration has independently evaluated the benefits of the Harmonization Treaty or not, and if you could give us your views on that.

Mr. Lehman. Mr. Chairman, this is one of the most important issues that we are going to have to consider very early on, and in fact, I had the advantage of assisting President Clinton before he took office in leading his transition team for the Patent and Trademark Office, and obviously, in the process of doing that, identified the Patent Harmonization Treaty and the issues associated with it as being some of the major issues that we would have to confront. So in that sense, I have already begun the process of reviewing those issues.

As you may know, the Patent Harmonization Treaty has become quite controversial, and in fact, not too long ago, the American Bar Association Board of Governors voted basically to oppose one of the major changes in our law that would be required by implementing that treaty.

I think what has happened there is that a proper consensus has not yet been developed in the intellectual property community, and there is a sense that the work of the advisory commission that was established and made these recommendations under the last administration may not have taken into account the full range of opinion in the American intellectual property community.

So what we are going to do, and I will pledge that to you today, is that as soon as I am confirmed by the Senate, assuming I am, we are going to publish a notice in the Federal Register, and we are going to have hearings in the Patent and Trademark Office, and we are going to let everyone who has a view on this issue have a chance to speak his piece. And after hearing from a wide range of opinions, we are going to reanalyze the decisions which were made in the past administration and decide how we are going to proceed with them.

I would like to offer a footnote here, though. I think there is an issue that perhaps has not been adequately considered in the past with regard to patent harmonization, or for that matter, any changes in longstanding American domestic law that are made in order to make our system consistent with the international regime. And that is, if we are going to change our system and ask American creators to accept burdens that they have not heretofore accepted, that we should expect reciprocity in other countries as well.

One of the issues is whether or not we are in fact receiving reciprocity. As you know, the administration has embarked on a major reevaluation of our trade relationship with Japan, and the President and Prime Minister Miyazawa very recently agreed on the framework for those negotiations. Intellectual property is a part of that framework, specifically the patent law.

28

One of the issues that the Japanese side would very much like us to make an accommodation on is some of the issues that are raised in the Patent Harmonization Treaty. And I think one of the criterion that we are going to be looking at before we finally sign off on something is whether we are really getting reciprocity from our trading partners, so that we in fact have a truly harmonized international patent system. We can go into some of those bilateral issues, if you want, later on, but those are at least my initial thoughts on the subject.

Senator DeConcini. Well, Mr. Lehman, thank you for that background. That is very encouraging. When you have time - hopefully, in the next few months, you may find a little time- I would appreciate it if you would review the legislation that I introduced because I think there are some areas there that might unilaterally or specifically be necessary for protection without the complete harmonization, and I would like to move what we can that might not be controversial if it has the administration's support.

Mr. Lehman. I would like to make it clear. Senator, the administration has not made a decision to reverse the previous policy, but we are going to review it.

Senator DeConcini. That's what I understand, that you are going to review it quite comprehensively, obviously.
Mr. Lehman. Yes, that's right.

Senator DeConcini. Over the last few years, the subcommittee has wrestled over several specific patent term extension bills. In August 1991, at my request, you testified at a hearing before the subcommittee in regard to three patent term extensions. You testified that rather than consider individual requests for relief under the Hatch-Waxman Act, Congress should consider a comprehensive solution that would govern all patents similarly situated and hopefully curtail the individual relief bills. As Patent Commissioner, do you have any recommendations to the Congress to amend the Hatch-Waxman Act, and what are your views on an administrative panel at the Patent Office that could review such extension requests?

Mr. Lehman. Mr. Chairman, as you know, at your request, I have had an opportunity to think about this issue before, and I have not really changed my views very much since I gave testimony before your subcommittee a couple of years ago.

Keep in mind, by the way, that obviously, any statements I make about potential legislation would be purely my own views at this point and would not necessarily reflect the ultimate view of the administration; they would not have been cleared by the administration.

My feeling at the moment is that there isn't any underlying, burning need to amend or change the Hatch-Waxman Act. However, I do think that one of the things, as I suggested to the committee a couple of years ago, and we may want to revisit that issue, is that we might want to take a look at whether or not the phenomenon that causes some of these private bills to be introduced is not a result of inadequacy of that legislation. But in order to make that determination, it would require a lot more research than I have done thus far.

29

With regard to the idea of setting up a forum, whether it be in the Patent and Trademark Office or elsewhere, where there can be a really thorough examination of these requests for private relief in a nonpressured, nonpolitical setting, I think that is a very good idea, and if this committee in its wisdom should decide to place that in the Patent and Trademark Office, I would see no problem with it.

I think the primary criterion is that wherever it is that the forum which examines these ought to be a quasi-judicial forum where everyone has a change to present his arguments, all sides can be heard, testimony can be taken, and a truly fact-based recommendation can be made to the Congress.

Senator DeConcini. Mr. Lehman, the PTO anticipates full development of the automated patent system by 1997. Concerns remain about the management. Do you have any plans to change the current management structure to assure that some effective means can be implemented?

Mr. Lehman. Well, Mr. Chairman, in my prepared statement, I indicated that one of the great pleasures that I have coming into this Office is that I am able to see the fruits of some of the things that were done when I worked on the House side over a decade ago, such as, for example, the decision, which was a legislative decision mandated by Congress, to automate the Patent and Trademark Office.

That process, of course, as you have noted, is well underway, and we are almost ready to see that project bear fruit. From what I have been able to learn about the automation system at the Patent and Trademark Office thus far, I think if I had been there 6 years ago, 8 years ago, I might have done some things a little bit differently. Unfortunately or fortunately, we are long past that point. Decisions were made that we have to live with. And I think you will start to see some very significant results of that system within the next couple of years.

In fact, we just opened a facility about 2 weeks ago in the Patent and Trademark Office for patent examiners and members of the public to actually start using the automated system to search patents, and we have a couple of groups that are now already fully automated.

I indicated that my guiding principle was going to be customer service. I don't think that has always been the way the automation system has worked. For example, a decision was made some time ago that we would automate the search file prior to automating the patent application process. Now, I am not sure I would have made that decision because I think that our customers actually would benefit more by an automation of the patent application process, and that also would have produced earlier benefits, cost benefits, because frankly, the real productivity benefits come from automating the application process more than they really do from automating the search process.

Those are decisions that have already been made. But I want to pledge to you that to the extent that decisions remain to be made, that I intend to examine this issue very carefully. I am well aware of the scrutiny that this has gotten from the GAO, from the Inspector General of the Commerce Department, and from this commit-

30

tee, and if changes need to be made, either in the organization of that system or in the management of that system, that we will make them, and I will work with this committee under its oversight to make certain that you are happy with those changes.

Senator DeConcini. Thank you, Mr. Lehman.

For the past 10 years, your law practice has been considered primarily in representation of clients with copyright interests. As you know, the Registrar of Copyrights is a part of the legislative branch, and thus the administration of copyright policy is formulated by the Patent Commissioner. Because of your extensive background, is there any reason to be concerned that your focus will be more on copyrights than on patents and trademarks, and what assurance can you give the committee otherwise?

Mr. Lehman. Well, the short answer to your question, Senator, is no; there is no reason to be concerned that my emphasis is going to be on copyrights as opposed to patents and trademarks.

First, I obviously have had a long history with the Patent and Trademark Office. A number of the major changes - the automation system, the system of re-examination, the Court of Appeals for the Federal Circuit, the current system of financing the Office - all were changes that were made during the late 1970's and very early 1980's when I was counsel to the House committee, and I worked on those items very carefully.

Second, in my private practice, I have been an active trademark practitioner and have been a customer of the Office as a trademark lawyer.

But I do have an extensive background in copyright as well, and I enjoy that. And as I said, with regard to running the Patent and Trademark Office, the primary issues are patents and trademarks. But there is a role for the Assistant Secretary to play in advising the President and the Secretary of Commerce on copyright issues as well. As you know, the Library of Congress is in the legislative branch, and the Copyright Office is a part of the Library of Congress, and therefore the Copyright Office is not in the OMB loop and does not report to the President directly. And I am not proposing, and I don't expect the administration any time in the near future to propose changing that. But what that does mean is that on important matters involving technology - for example, the administration has a task force underway now on the information infrastructure of the United States. There will be many intellectual property issues there which are copyright issues. There will be copyright issues that will come up in some of the trade negotiations. And on those issues, I do expect to be an adviser to the Secretary of Commerce and the President and the President's other

Cabinet members on copyright issues as well as the whole basket of intellectual property issues.

The Department of Commerce recently established a new mission statement under the leadership of Secretary Brown, and as part of that, the mission of the Patent and Trademark Office was specifically defined as follows:

First, to administer laws relating to patents and trademarks in order to promote industrial and technological progress in the United States and strengthen the national economy; second, to develop and advise the Secretary and the administration on intellectual property policy, including copyright matters; and finally, in cooperation with the International Trade Administration, to advise the Secretary and other

31

agencies of the U.S. Government, such as the United States Trade Representative, on the trade-related aspects of intellectual property.

I think that is a very good statement of not only how I see the job, but really, because of the mission that has been given to me by Secretary Brown, that if I am going to work for him, what I am going to have to do.

Senator DeConcini. What do you think the relationship should be and will be with the Registrar of Copyrights?

Mr. Lehman. I think the relationship will be a very good working relationship. Obviously, I think one of the advantages that I enjoy is that just as I am very familiar and know the individuals and the people who serve on and staff this committee and its House counterpart, I have the same good relationship with the Copyright Office, and in fact just had lunch with Ralph Oman about 3 or 4 days ago to discuss our common concerns on Berne Protocol issues.

By the way, let me say that with regard to those, we will work together on all of these international issues, and there will be some times when the Copyright Office may take the lead on things, and maybe sometimes we will, but it will be a cooperative relationship if I have anything to do about it, and not anything other than that.

Senator DeConcini. Thank you, Mr. Lehman.

Senator Hatch?

Senator Hatch. Thank you, Mr. Lehman. Senator DeConcini has asked a lot of questions that I have been interested in, so let me just ask a few additional ones.

As you know, the question of whether the expressive content and inventions embodied in computer software are best protected by a copyright or a patent is a complex, but a very important issue. I understand that the PTO's advisory commission has taken the position that patents on computer-related inventions are no different from patents granted for other technology-related products. However, the tremendous growth of the independent software industry has been achieved for the most part without the benefit of patent protection. For this reason, many small software firms as well as individual entrepreneurs have expressed concern about the possible consequences of expanded patent coverage in this particular area.

Do you favor expanded patent coverage of inventions embodied in computer software, or does the issue deserve a lot more further study?

Mr. Lehman. Maybe I can take the second part of the question first. Senator. I think the issue does deserve further attention on the part of this particular official that I, with your blessing, will become.

With regard to expanded protection, I would be surprised if we would have expanded patent protection for computer software. I think that we have had a lot of confusion in the area of patent protection of computer software. As you know, mathematical algorithms, for example, are not patentable, nor for that matter are they copyrightable. A few years ago, however, the Patent and Trademark Office did begin issuing patents on what we might generally call computer software.

But I think the thing to keep in mind is that there are a lot of areas of technology where you can get multiple forms of intellectual property protection, and there isn't anything wrong with that as

32

long as what is being protected by that particular law meets the test of protection under that statute.

Computer software under the law should be protected if the invention meets the tests of novelty and nonobviousness, and if it involves a process or an item of manufacture. And as long as those tests are met, I don't see anything wrong, initially, with patenting

computer software.

Part of the problem has been I think there have been a lot of people in industry who believe that patents have been issued that should not have been issued, and that may well be true. The reason for that is that these patent applications were presented to a Patent Office, frankly, that was not prepared to deal with them. The Patent Office did not have within its examining staff examiners who were familiar with the state of the art in software technology, so they were caught a little off-balance.

There is another factor also, and that is that the culture of the computer industry and particularly the computer software industry has historically been one in which technology has been retained by these companies as a trade secret. There is not a culture of publication. For example, in the pharmaceutical area, scientists at the NIH and universities and in companies run to publish their findings in a scientific or medical journal as soon as they come up with anything, so the state of the art is well-known; it is out there for everyone, including patent examiners to look at. That hasn't been the case in the computer industry and in the computer software industry. So you had a situation where you had patent examiners who did not really have a lot of training, who had not worked in the computer software field themselves, and you also didn't have very good places to go to find out what was the state of the technology. And as a result, it well may be that some decisions were made where patents were granted to subject matter that were clearly nonobvious or not novel.

That is one of the things that prior to my coming here, the previous administration had started to try to fix, but I think we still have a long way to go. So we need to get our own office in order so that we have reposing within the Office the information about what the state of the art is; we have to have qualified patent examiners, and then we also need, I think, to work with industry to find out how they view the system.

As I said, I am going to be guided by the principle of customer service. That means in this particular area, the people who are in the computer software business in the country, those who have filed patent applications and those who may not particularly care to have patent applications filed. And one of the techniques that we are going to use in this is the technique of having hearings on issues, and I think this is an area where we may very well want to give people in the private sector an opportunity to let us know more what they are thinking about these policies. And if we find as a result of that that we need to come to you with some changes, we will do that.

Senator Hatch. All right. Will the outcome of the ongoing negotiations in Geneva relating to the possible protocol to the Berne Copyright Convention affect your conclusion regarding the suffi-

33

ciency of copyright as a protection for the creators of computer software programs?

Let me add to that a little bit. Do you plan to participate in future deliberations relating to the international protection of computer software and databases?

Mr. Lehman. The answer to that is "Yes." And in fact, this has been a very good illustration of past cooperation with the Copyright Office in areas involving mutual interest. At the recent Berne Protocol meeting, in fact, the chair of our delegation was Ralph Oman, and the vice chair was Michael Keplinger of the Patent and Trademark Office. This cooperation on matters of copyright and this involvement of the Patent and Trademark Office in copyright matters is nothing new.

So we will continue that, and we will be involved in it, and again, as I indicated, I am not going to be an Assistant Secretary of Commerce from some other country. My interest is making certain that American creators get full value for what they create around the world. And it is particularly important that we be on our toes in all of these multilateral and bilateral fora, to make certain that their rights are adequately protected, and I will work with my colleagues in the State Department, in the Trade Representative's Office, at the International Trade Administration, and at the Copyright Office to make certain that our national interests are protected.

Senator Hatch. Good; several small inventors in my home State of Utah, as well as in other States, have contacted me concerning what they believe to be an unfairly short period of U.S. patent protection in 17 years. Now, I realize that the Harmonization Treaty would increase the patent term to 20 years, but do you believe that there is a case to be made for a still longer term? And let me add to that. Wouldn't a longer term help alleviate some of the periodical pressure for patent extensions?

Mr. Lehman. That would be a pretty major change in U.S. law. Senator. I think again, this goes to the issue of establishing a

mechanism so that we can find out more what the needs of the private sector are in this area. And it well may be – and this is one of the functions that I consider part of this Office – that we will need to come in from time to time for legislation. And it may be that we will have to create new form of intellectual property. For example, we created the Semiconductor Chip Protection Act in the early 1980's, and then we got an international treaty to make that protection worldwide and universal. It may well be that outside the patent law, we will have to deal with some of these issues, but I think it would be premature for me to give you a final answer on that right now. We first have to make certain that the existing patent law works right, and then we have to make certain that we really know what is going on out there in industry before we make these decisions.

One of the things that I am concerned about in the way decisions have been made in the Patent and Trademark Office before is that traditionally, what has happened is that a patent applicant in an area of new technology, or a case of first instance comes in from someplace and files a patent application, goes to the patent examiner and sort of knocks around his office for a little bit, maybe talks

34

to his supervisor or the person who supervises him, called a supervisory patent examiner, and they talk about it. Then, maybe it will work its way up to the director of his unit. And it is months before the Commissioner, much less the head lawyer, the solicitor in the Patent and Trademark Office, even knows about it. And then we find that we've got a decision, for example, to patent computer software, or a decision in the biotechnology area. And historically what has happened, from what I have been able to determine, is that a group has been convened in the Commissioner's office, of senior officials at the Patent and Trademark Office, and they will sit there, not talking to anybody else in the world, and they will make a decision about this. And then we will launch ourselves into a whole new area of technology being covered under the old law without anybody ever really having a chance for public input into it.

I think that is a problem, and I think that is where we have gotten ourselves into a lot of these difficulties up until now, and I would like to reverse that process a little bit. I would like to try to be proactive and anticipate what is coming down the pike by, again, setting up a mechanism to have public hearings – this is something, by the way, the Copyright Office has done over the years that I think is very valuable – to have public hearings about what is going on in biotechnology, public hearings about what is going on in the computer software area, so we can see what the issues that are going to be coming down the pike are in advance. Then we will be prepared for it, and hopefully, when that first new application for this new technology hits the Patent and Trademark Office, it won't be 6 months later before the Commissioner knows about it, and decisions won't be made in some sort of star chamber kind of proceeding that members of the public generally have not had a chance to participate in and that Congress doesn't know anything about.

So that is going to be my sort of overall philosophy in dealing with these issues.

Senator Hatch. Earlier this year, the House Subcommittee on Intellectual Property conducted a hearing on the international trademark registry that would be established by the Madrid trademark protocol. The comments received were overwhelmingly favorable to the concept of an international registry. Do you agree with that? Is that your position?

Mr. Lehman. Yes; I think that is really on target and going along very well.

Senator Hatch. I don't know if you are familiar with the provisions of the pending Hatch Act reform bill in this Congress, but there is one provision in that that concerns me greatly, among others. Apparently, the legislation as it is currently drafted broadens the ability of Federal workers to participate in political activities, but the bill specifically exempts administrative law judges from its coverage; thus the former strict standards would continue to apply to administrative law judges. However, the quasi-judicial officers who serve on the Board of Patent Appeals and Interferences and those who serve on the Trademark Trial and Appeal Board might in fact come under the reach of the new liberalized Hatch Act reform, because they are not classified as administrative law judges.

35

I think that all Federal employees who perform a judicial or quasi-judicial function should and really must refrain from virtually all political activity as the current Hatch Act provides.

Do you have a view on this? Would the administration support an amendment to the pending legislation to clarify that administrative law judges exempted from the politicized, excuse me, from the

liberalized Hatch Act – that was a Freudian slip when I said "politicized Hatch Act" – but that administrative law judges exempted from the liberalized Hatch Act should include those who serve on the Patent Appeals Board and the Trademark Appeal Board as well?

Mr. Lehman. I very much understand your concern, Senator. I largely think the question is hypothetical, and my impression is that the Patent and Trademark Office, much less the Board of Patent Appeals and Interferences of the Trial and Appeal Board have hardly been hotbeds of partisan political activity in the past.

Senator Hatch. What I am worried about is they can be.

Mr. Lehman. I doubt very much if they are going to be. Obviously, this is a sensitive matter that involves the whole administration, and I frankly had not thought about it very much in this context, but I can promise you that I will follow up on this and look at it and talk with my colleagues in the administration about it, and I am sensitive to your concerns. I think they are very legitimate concerns that judicial officers not be involved. We have very high standards for judges as to what we expect of them, and that would certainly be true in the administrative law area. It is a little beyond my competence at this point to respond directly to your question.

Senator Hatch. I understand, but I just want you to be aware of it, that administrative law judges are exempted but the others are not. And it is just something that has worried some people, and I think it is a legitimate question.

Well, I just want to thank the chairman for allowing me to ask these questions and to tell you that I am happy to strongly support your nomination and will do so both in committee and on the floor.

Mr. Lehman. Thank you very much. Senator Hatch.

Senator DeConcini. Thank you. Senator Hatch, for the comprehensive and detailed questions.

Mr. Lehman, the only other question I'd like to ask you is that you know users' fees have been imposed through the reconciliation budget back in 1990, something that I disagree with and oppose strongly. The acting Patent Commissioner testified before the Appropriations Committee for the full amount of user fees that they be appropriated. However, subsequent to that testimony, OMB told the Appropriations Committee staff that the full amount was not necessary, which of means that it is a revenue generation now and not just to support the Patent Office.

Is there any hope that you can, or will you, attempt to influence the administration's position on the shortfall, and two things I am interested in. One, of course, is being sure that all the user fees are devoted to the Office's management and computerization and automation and the other things you are doing, and that hopefully, there would be an advocate within the administration to get some

36

public funding for the Office, I think in principle is very important. I don't know if I have ever asked you your views on that or not.

Mr. Lehman. You have not asked me my views, Senator. First, on the question of whether or not the user fees should be subject to appropriation to other areas, the Patent and Trademark Office has a position on that, and the Department of Commerce has a position on that, and I believe that the administration has a position on that, and the answer is no; that user fees should go only for purposes that relate to what the users have paid for.

Those decisions that you are referring to are decisions that were made by the appropriations committees here in the House and the Senate.

Senator DeConcini. That's correct.

Mr. Lehman. In fact, we have just recently gone through a cycle, as you know, on that, and the decisions have already been made. I think the House and Senate committees have both agreed to divert about \$14 million of the Office's user fee funding to other purposes. So it is a battle that we may already have lost this year, but it is going to be a priority of mine, and we have discussed it at the policy level in the Department of Commerce, to try to make certain that in the future, next time around, in the 1995 budget cycle I guess it is, that that doesn't not happen again.

With regard to the question of whether or not there should be some public funding of the Office, I think that the answer to whether there ought to be public funding is yes, there should be. I mean, there is a public benefit to the patent and trademark system, and I think everyone would acknowledge that.

Our problem – and I hardly need to advise and educate you. Senator, on this, because you are right in the middle of it – the problem

is a very practical one, and that is how to make the existing appropriated revenue go as far as we want it to go. And I have the feeling that it would be somewhat difficult, even perhaps if the administration took the position that it wanted to have taxpayer funds go to supporting our Office right now, to actually accomplish that in the current budget environment. So it is really going to be a tough thing to take on.

In principle, I think, yes, and if we reach a point that we are successful in stimulating all kinds of technological growth, and we have a growing economy, and we have a lot more tax revenue in the future, I think we will be in a lot better position to revisit that. But I think it would be an awfully tough fight to fight right now.

Senator DeConcini. Yes, I am afraid you are right. I would only urge you to try to fight it as you can. I think it is very important, and if the Secretary raised it to a high enough level with OMB, maybe there would be some participation, but I have to concur with your observations.

Thank you very much, Mr. Lehman. We look forward to recommending you to the full committee and to the Senate for your confirmation.

Mr. Lehman. Thank you very much, Senator. I really appreciate it and the work that you and your staff have done on this.

[Whereupon, at 12:10 p.m., the committee was adjourned.]

APPENDIX

Questions and Answers

U.S. Department of Commerce,
Patent and Trademark Office,

Washington, DC, July 28, 1993.

Hon. Hank Brown,
Committee on the Judiciary,
U.S. Senate, Washington, DC.

Dear Senator Brown: Thank you for your letter raising questions on the balance of interests between creators and users of intellectual property, and issues raised by the *Sega v. Accolade* and *Computer Associates v. Altai* cases.

I believe that maintaining a proper balance between the interests of owners and users is an extremely important issue. Indeed, it is a cornerstone of our intellectual property system that is mandated by the patent and copyright clause of the Constitution. Striking the appropriate balance between these interests is extremely important, especially in the area of computer program protection. As you noted in your letter, my private practice involved this area, and I had clients with views on both sides in these cases.

The Administration needs to examine such issues in the course of formulating its goals and objectives for improving the intellectual property system. If confirmed, I plan to examine these issues thoroughly and gather information on intellectual issues through public hearings and commentary to aid the Administration in formulating policy. I have enclosed an interim response to your specific questions, and hope to have the opportunity to address these issues more fully once I have had the benefit of broader input from all of the concerned parties.
Sincerely,

(Signed) Bruce A. Lehman

(Typed) BRUCE A. LEHMAN,
Assistant Secretary of Commerce and
Commissioner of Patents and
Trademarks-Designate.
Enclosure.

Responses of Bruce A. Lehman
to Questions Submitted by Senator Hank Brown

Question 1. The intellectual property held by American companies is an important national resource that we need to protect. However, in the tradition of patent and copyright law, such protection needs to balance the interests of the inventor or author with the interests of the "public good." In the case of *Sega v. Accolade*, a large foreign video game company tried to use the copyright law to prevent competition by a small American software firm.

As PTO Commissioner, you will obviously be concerned with protecting American intellectual property, but what mechanisms might you put in place to prevent the over protection of intellectual property?

38

Answer. This question raises issues of fundamental importance to both the patent and copyright systems. I believe firmly in the strong protection of our national resource of creativity embodied in patented inventions and in all kinds of copyrighted works. I also believe in order for that to be effective the system must balance the interests of all creators and users of intellectual property. However, we must also keep in mind that trade in products based on intellectual property is our second biggest export industry, and that it creates and supports high-wage, high-technology jobs. The national interest demands that it be appropriately protected. These are factors that we must always keep in mind.

The patent and copyright laws already include many safeguards that "balance the interests of the inventor or author with the interests of the public good." To secure patent protection, an invention must be new, novel and non-obvious, as determined by the PTO. This process weeds out unworthy inventions and ensures that the public is protected from spurious claims. In the case of copyright, the law includes carefully crafted exceptions to the exclusive rights of copyright owners, including the concept of fair use, that permit "public use" of copyrighted works under circumstances which "do not conflict with a normal exploitation of the work or unreasonably prejudice the legitimate interests of the copyright owner."

When in private practice, I focused on the interests of my clients and their views on these issues. If confirmed, I plan to seek public input on a wide range of topics including those raised by your questions. Given the developments in the courts and at the international level, these are issues which should be explored. Once I have had the benefit of receiving the views of all of the parties, including public and industry representatives, I will be in a position as a public official to advise you on any need for legislation in this area.

Question 2. With regard to the Sega case, what is your view on the Ninth Circuit's ruling that the reverse engineering technique known as "disassembly" is legitimate under the "fair use" rule?

Answer. In my view, the court's decision in the Sega case was an attempt to deal with an important question of anti-competitive practices through the application of the fair use doctrine of the copyright law. As I noted in my answer to your first question, if confirmed, I plan to seek public input on this issue along with others to aid the Administration in formulating its policies on intellectual property.

Question 3. As outside counsel to the Software Publishers Association you signed an amicus brief supporting the reversal of the district court's decision in Computer Associates v. Altai. The Second Circuit affirmed the lower court's ruling, and the Second Circuit's decision has been followed widely in this country and abroad.

What is your view of the Second Circuit's decision in Computer Associates v. Altai?

Answer. As a private practitioner, I had clients on both sides of the issue in the Altai case. I appreciate the issues involved, but I continue to be concerned that the logic of the decision in the Altai case raises significant questions about standards for determining copyright infringement. The logic of the decision in the case is that one must separate a work into its components and examine each one of them to decide whether it is original and therefore protectable. If all that is copied is a part which is not original, then, there is no infringement. The point of this analysis that I find troubling is that when broken into sufficiently small component elements, most, or at least many works, could be found to have no original components or only a small core of original expression. Such a conclusion could permit copying of any of these unprotected elements. I think that applying this logic across the full spectrum of works could lead to many works being denied protection entirely.

U.S. Department of Commerce,
Patent and Trademark Office,
Washington, DC, September 29, 1993.

Hon. Joseph R. Biden, Jr.,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: I would like to thank you and all of your colleagues on the Committee on the Judiciary for processing my nomination so promptly given the other important business before you and for all of the courtesies shown to me throughout the process. I have enclosed my responses to some additional questions posed by Senators DeConcini, Feinstein, and Pressler. Should any Member of the

39

Committee have any questions about these or other matters related to intellectual property, I would be pleased to provide additional information.

In my opinion, we will need to resolve many issues in the next few years that will set the course for the twenty-first century. Working with you and your colleagues, I believe that we can improve the intellectual property systems in the United States so that they will stimulate more and better jobs for our citizens and will become a model for the rest of the world.
Sincerely,

(Signed) Bruce A. Lehman

(Typed) BRUCE A. Lehman,
Assistant Secretary of Commerce,
and Commissioner of Patents and
Trademarks.

Enclosure.

Response of Bruce A. Lehman
TO A Question Submitted by Senator Dennis DeConcini

Question. Significant questions were raised before the Subcommittee last year concerning the decisional interdependence of the Board of Patent Appeals and Interferences including (1) the appropriateness of some recent former Commissioners redesignating and expanding Board panels for the purpose of overruling Board Decisions which were contrary to their views; and (2) how the current pay and evaluation systems for the examiners-in-chief allow management officials to affect the independent judgment of the examiners-in-chief

What are your views on these issues?

Answer. Clearly, the Board of Patent Appeals and Interferences should have the independence to decide individual cases under the patent laws enacted by the Congress and interpreted in the rules and policies promulgated by the Commissioner. While I would expect there would be no difference of opinion with respect to the desirability of the Board to work in such an independent fashion, a difficult and sensitive question would arise should a Board panel reach a decision contrary to a rule or policy promulgated by the Commissioner. In such a case, the Commissioner currently has no means to correct such a decision short of seeking a reconsideration of that decision by an expanded panel of the Board, an action which I would be very reluctant to undertake. While I have not had the opportunity to sufficiently study this question, I am aware of the suggestions which have been offered by the American Intellectual Property Law Association and the Intellectual Property Owners, Inc. And, I look forward to working with the Congress to determine whether this is a problem which warrants legislative correction.

I would also certainly agree that the pay and evaluation systems for the examiners-in-chief should in no way interfere with the ability of examiners-in-chief to make independent decisions regarding the issues presented to them. The current pay and evaluation systems are required by law, although there is some discretion in administering them. While I will be looking more into these systems as well, there does not appear to be any convincing argument that these systems have inhibited the examiners-in-chief from making fair and well-reasoned decisions. Moreover, there appears to be some evidence that they promote quality and productivity for the benefit of patent applicants.

Responses of Bruce A. Lehman
TO Questions Submitted by Senator Dianne Feinstein

Question 1. Our intellectual property laws seek to balance protection with competition. As PTO Commissioner, how will you ensure that multiple views are heard on issues to maintain this balance of interests?

Answer. I plan to establish procedures, such as public hearings, to solicit the views of all interested parties on the controversial issues that confront us. We have already scheduled hearings on October 7 and 8, 1993, on the issues arising from the draft treaty on patent harmonization. In the future, I hope to conduct similar proceedings on the issues in the areas of computer-related inventions and in the biotechnology area, particularly regarding human genomes. Once we have obtained these views, I think that, working together, we will be in a position to formulate policies that balance, as best we can, the interests of all the affected parties.

40

Question 2. I understand that over the last few years the issue of intellectual property protection for computer software has been particularly contentious. Could you explain your views on software patents, and how you plan to make sure that the PTO does not issue overly broad software patents?

Answer. I am aware of the evolving nature of patent protection for software-related inventions. Computer software is an extremely important and growing industry in which the United States enjoys a significant and dominant position in the world market. The availability of effective legal protection for computer programs domestically and internationally is extremely important to the industry. Accordingly, one of my priorities will be to evaluate the current situation to ensure that intellectual property protection serves and promotes the national interest in the development of this industry.

In the meanwhile, I am also aware that there has been criticism of the PTO for what some have perceived to be inadequate resources to properly examine applications for software-related inventions. The PTO is continuing to work to make the quality of the patents that it issues for software-related inventions even better. We are improving examiner training in several areas. We have conducted internal training programs on the appropriate application of standards of patentability for our examiners. We have reached out to the private sector and to academic resources to provide examiners with training on current developments in computer programming, including recent advances in programming languages and data base software. Steps have been taken to improve the availability of automated equipment and the working environment for examiners.

We continue to strive to improve our information resources to ensure that examiners have access to the fullest possible coverage of the prior art. This has been a particularly difficult task because of the widespread use of trade secret protection in many areas of the industry. In this regard, we are actively exploring the use of all relevant data bases available to us from commercial sources and through sources such as the Internet. We are also continuing to work with the Software Patent Institute to build a data base particularly directed to this area. We are also working to hire the best qualified examiners, to give them needed training in the law and the

technology, and most importantly, to retain them in the face of fierce competition from the private sector.

I will be reviewing these actions and other steps that we can take to improve the quality of issued patents for software-related inventions.

Question 3. What do you see as the role of the PTO in the formation of the U.S. Government's domestic and international copyright policy, especially as it relates to computer software?

Answer. The Department of Commerce's mission statement provides that the PTO is "to develop and advise the Secretary and the Administration on intellectual property policy, including copyright matters." Consequently, the PTO is the lead agency in the Administration for the formulation of domestic and international intellectual property policy. In doing so, we work closely with other agencies including the Office of the United States Trade Representative and the Department's International Trade Administration. We also maintain a close working relationship with the U.S. Copyright Office in the Library of Congress.

The Administration believes that U.S. computer software deserves appropriate and balanced legal protection. When I was in private legal practice, I represented a number of computer software clients, and I focused on their interests and views on these issues. Now that I am a public official, I plan to seek public input for the Administration's policy formulation on a wide range of topics including the protection of computer programs. Given the developments in the courts and at the international level, there are issues which should be explored. Once we have had the benefit of receiving the views of all of the parties, including public and industry representatives, and after consulting with other Government agencies, we will be in a position to take a prominent role in helping to formulate and shape policy in this area.

Responses of Bruce A. Lehman
TO Questions Submitted by Senator Larry Pressler

The Office of Patents and Trademarks has a copyright division within it. In the past, the division was used by the Administration to set copyright policy.

Question 1. Do you intend to use this division to set the Administration's policy toward copyright law?

41

Answer. The mission statement for the Patent and Trademark Office from the Department of Commerce provides that the PTO is the lead agency for the formulation of domestic and international intellectual property policy for the Secretary and the Administration, including copyright matters. The staff of the PTO's Office of Legislation and International Affairs includes attorneys who specialize in patent, trademark and copyright law who provide advice to the Commissioner in their areas of expertise. To provide advice on intellectual property policy matters to the Administration, we work closely with other agencies including the Department's International Trade Administration, the Department of State and the Office of the United States Trade Representative.

Because of the continuing economic importance of copyright matters, and the importance of the copyright industries in international trade, I expect the demands for advice on the Administration's copyright policy and support for trade negotiations to grow in the coming years. I plan to ensure that the PTO is in the position to give the Administration the support in copyright policy that it needs.

In your opening remarks, you mentioned four legislative accomplishments in the field of intellectual property which you helped gain as a staff member of the House Judiciary Committee.

Question 2. What legislative initiatives would you like to see enacted by the end of your tenure as Commissioner of Patents and Trademarks?

Answer. It is always difficult to postulate what legislation should be enacted during the next session of the Congress - yet alone, the next several sessions of the Congress - given our dynamic legal system and a very volatile international marketplace.

That being said, however, I hope that the legislation necessary to implement the obligations related to intellectual property contained in the North American Free Trade Agreement will be enacted when it is forwarded by President Clinton.

Along these lines, I hope that Uruguay Round of Multilateral Trade Negotiations will be concluded in the near future and that the necessary implementing legislation will also be enacted promptly.

As to legislation now pending before the Congress, I would like to see the enactment of legislation to implement the provisions of the Protocol to the Madrid Agreement on the International Registration of Marks. I believe enactment of this legislation and its implementation will provide substantial benefits for U.S. enterprises competing in the world marketplace.

It is far more difficult for me to speculate on other specific examples of legislation that should be considered and enacted. I would like to note, however, that recently there has been considerable controversy about the level of protection provided in the areas of biotechnology and computer-related processes and programs. I plan to establish procedures such as public hearings to ascertain the views of all interested parties on these matters and on other issues that arise. After the hearings, I believe that we will be in a better position to determine whether or not legislation is needed and to formulate the best policies for all of our citizens.

The International Patent Harmonization Treaty is one of the most significant proposals in the American intellectual property field currently under consideration. The Treaty proposed to change the American system for granting patents from a "first to invent" system, the method this country has always used, to a "first to file" system, the method which most of the other nations use. In exchange for this conversion, certain other concessions, favorable to the United States, would be granted.

Question 3. What do you see as the advantages and disadvantages of the Treaty? What concessions, favorable to the United States, do you think are necessary to justify the change?

Answer. The Treaty will create an international patent environment with universal rules and interpretations useful to U.S. interests for protecting their inventions throughout the world. More particularly, the Treaty will make it easier to file applications for patents in many countries by setting certain minimum requirements for applications which includes being able to file applications in English. The Treaty will also harmonize many elements of the patent process after an application is filed including not permitting pre-grant opposition proceedings, and it will create standards for asserting patent rights once a patent is granted including a standard demanding a broad interpretation of patent claims. The Treaty will, however, require the United States to change some aspects of its patent laws, and some of the changes are not without controversy. Some of the concessions that the United States is seeking are acceptance of an international grace period, which would enable U.S.

42

inventors to obtain protection in other countries despite the fact that they published their inventions prior to filing their patent applications, the prompt processing of applications and granting of patents in all countries, and defined minimums regarding the protection afforded by a patent and the legal recourses available for transgressions of that protection.

Question 4. If the conversion is agreed to, what would be the estimated cost of this change?

Answer. If the conversion to a "first to file" system is agreed to, changes would have to be made to eliminate our present somewhat complicated interference system for determining which inventor is the first inventor and to establish a system similar to that found in most other countries of the world to determine which inventor was the first to file an application. No estimates have been made of the costs that would be involved in making these changes in procedures, nor has a determination been made of the overall cost or saving for the Patent and Trademark Office that might result from these changes. The changes would include the elimination of the interference function at a savings of over one million dollars for the Patent and Trademark Office, but this savings would be partially offset by the one-time cost of regulation writing and reorganization. For the private sector, the elimination of interferences would save millions of dollars in litigation costs and would remove the need for costly and extensive note-taking to document invention. This saving may be offset by increased levels of application filings, though an increase in filings was not experienced by Canada after Canada's recent change to a first-to-file patent system.

As I understand it, during the negotiations over the Patent Harmonization Treaty have included American representatives from the Commerce Department, the State Department, the Office of Patents and Trademarks, the Librarian of Congress, and the United States Trade Representative. There may have been others. With so many different agencies and branches of government involved, the possibility for in-fighting and politics among the various groups exists. As with all international negotiating, a clear American position needs to be staked out. One Office must take the point and lead the others toward the goal.

Question 5. If confirmed, what role do you see for yourself at the Treaty negotiations? Do you intend to lead the American delegation toward a clearly defined position?

Answer. Past negotiations of the Patent Harmonization Treaty involved mostly officials from the Patent and Trademark Office. Several previous Commissioners have headed delegations including the U.S. delegation to the 1991 diplomatic conference in The Hague. It is my intention as Commissioner to play a major role in any continuation of these negotiations. It is also my intention to develop a clearly defined position for the United States if it is decided to continue the negotiations. To develop this position it is my intention to hold a series of public hearings and to solicit written public comment on the matter, to review the testimony and written comments and to draw conclusions. Should the conclusions embrace continued participation, a clearly defined position for the U.S. delegation would be part of those conclusions.

As you well know, presently copyright responsibility is split between two branches of government. The Register of Copyrights, an appointee of the Librarian of Congress has most of the responsibility for registering copyrights. However, the executive branch, through the copyright division of the Office of Patents and Trademarks, also has some responsibility to set policy in this area. The Copyright Reform Act would consolidate all authority over copyrights in the executive by making the Register of Copyrights a Presidential appointee.

Question 6. What is your position on this proposal? What do you see as the advantages and disadvantages of this proposal?

Answer. The Copyright Reform Act, originally introduced as H.R. 897, includes two proposals that are relevant to your question. First, it would make the Register of Copyrights a Presidential appointee, subject to Senate confirmation. Second, it would eliminate the Copyright Royalty Tribunal (CRT) as an Agency, but it assigns its functions to the Register of Copyrights. It would not, however, affect the activities of the Patent and Trademark Office which would continue to advise the Execu-

tive Branch on copyright policy issues.

The original version of H.R. 897 has been superseded by H.R. 2840 that eliminates the CRT as an Agency, but it assigns its functions to the Librarian of Con-

43

gress, a Presidentially appointed official in the Legislative Branch. Under the bill, upon the recommendation of the Register of Copyrights, the Librarian is authorized to convene arbitration panels to resolve any disputes over royalty distributions which would have been decided by the CRT. The Librarian would accept or reject the findings of these panels, and the decision would be subject to review by the U.S. Court of Appeals for the D.C. Circuit. The Librarian, upon the recommendation of the Register, would also have the power to convene arbitration panels to adjust the royalty rates.

Concerns have been raised in the Congress and elsewhere over the operation of the CRT including whether or not it is the most efficient way to distribute or adjust royalties and resolve disputes. The Patent and Trademark Office has no position on this issue. However, we believe that transitional provisions should be included in H.R. 2840 to ensure that any ongoing proceedings are taken into account in transferring the CRT's responsibilities.

Additional Submission for the Record

Statement of the International Trademark Association

Mr. Chairman, the International Trademark Association (INTA) is pleased to file a statement of support for Bruce Lehman on the occasion of his confirmation as Commissioner of the U.S. Patent and Trademark Office (USPTO). INTA looks forward to serving as a resource to Commissioner Lehman and is confident that he will meet the many challenges of moving the USPTO into the next century.

Known as the U.S. Trademark Association until May of this year, INTA is a not-for-profit worldwide organization. Founded in 1878 by 12 New York based manufacturers, our goal remains the preservation and promotion of trademarks as essential instruments of worldwide commerce. The pursuit of this aim is vital to promoting the interests of consumers and encouraging free and effective competition.

The Association's long and distinguished history of involvement in both domestic and international issues, its commitment to addressing the common concerns of all trademark owners and the continued expansion of our non-U. S. membership, activities and concerns, persuaded us to change our name to give greater acknowledgment to the global needs and interests of our members. Thus, our recent name change merely reflects the long term progress of and success in fulfilling our original mission.

Today, our membership is comprised of over 2,600 members consisting of corporations (including 85 of the Fortune 100 companies), law firms, and professional associations from across the United States and 98 other countries. More than 85 percent of our corporate members have significant U.S. operations and facilities. Thus, as may be expected, our corporate members own a vast majority of America's well-known brand names and identities as well as a substantial number of the marks registered in the USPTO.

THE SIGNIFICANCE OF THE COMMISSIONER-DESIGNATE'S EXPERIENCE

We originally had the pleasure of working with Mr. Lehman when he served as Counsel to the House Judiciary intellectual property subcommittee under the chairmanship of former Representative Robert Kastenmeier. As a key member of the House Judiciary staff, his active involvement, expertise and insight were immensely beneficial in enabling the Chairman and the subcommittee to execute its many legislative and oversight responsibilities relating to intellectual property concerns and USPTO operations.

In the interim between his service to Congress and his nomination as USPTO Commissioner, Mr. Lehman maintained an active commitment to the advancement and protection of the nation's intellectual property resources as a tenured member of the INTA associate member firm of Swidler & Berlin. While there, he was a valuable adjunct to our Association in its successful endeavor to promote enactment of the 1988 Trademark Law Revision Act (TLRA), the most comprehensive revision of federal trademark law since the 1946 Lanham Act.

Lehman's legislative, private sector and volunteer experience will be immensely useful to the USPTO. The Agency's relatively new role as a fully user-funded entity demands a Commissioner who is well versed in the day-to-day, political and budgetary factors of administering both its trademark and patent operations. Because these two very different forms of intellectual property, which have such fundamental roles in creating and maintaining both U.S. and worldwide commerce, share so many administrative and support resources, the Commissioner must foster communication among the Agency's primary and support divisions, seek agency-wide effi-

(44)

45

ciencies and provide avenues for every level of USPTO employee to enhance performance.

The Commissioner's responsibilities do not stop at the USPTO's curbside. Just as critical is Mr. Lehman's ability to give the Agency a forceful voice in Department of Commerce affairs and before Congress while, at the same time, listening and learning from the trademark and patent committees. These responsibilities must be carried out in the context of competing administration priorities and in a time of prolonged economic uncertainty. Consequently, the Commissioner's mastery of both the internal and external demands placed on the Agency will prove valuable in providing new opportunities for U.S. creativity and entrepreneurship in stimulating our country's economic renewal.

THE commissioner's ROLE IN TRADEMARK AFFAIRS

Because trademarks are so fully integrated into our system of commerce, their unique contribution too often remains unidentified and unheralded. Trademarks, that is brand names, enable consumers to distinguish one business's goods and services from another's. Indeed, this capability is the core of a free market economy. Thus, the policies and procedures of the office charged with bringing order and coherence to this facet of our economic system influence both the immediate and long term quality of life for consumers and are integral to the success of every commercial venture.

The relatively new status of the USPTO as a wholly user-funded agency contrasts to its Trademark Office side, which has been user-funded for over a decade. That branch of the Agency has considerable experience in operating under marketplace realities and responding to the ponderous federal budget process; and its steadily increasing ability to manage its affairs reveals the hard lessons of simultaneously obeying those two taskmasters. Nonetheless, the Trademark Office remains a critical step behind the needs of the trademark community.

Perhaps the most visible example of the Office's dilemma is its constant endeavor to implement a workable automation system. Automation is the key component to efficiently improving work product; its value and necessity to examination staff increases daily. As a part of a user-funded agency, the Trademark Office is restricted in the financial resources it can extend to its automation goals. Thus, although the new X-Search system is a significant improvement over its successor, certain integral enhancements for its effective operation have had to be either severely delayed or cancelled.

Other less conspicuous but no less momentous challenges to the continued effectiveness of the Trademark Office will also require the Commissioner's attention. For example, our nation's anticipated adherence to the Madrid Protocol will be pivotal in assisting all sizes and types of U.S. businesses in acquiring and maintaining their trademark rights. That assistance will be instrumental in allowing domestic firms to maintain and/or increase their market share abroad. However, ensuring its implementation causes a minimum of disruption and entails no unnecessary costs will demand the Commissioner's cooperation, energy and time.

A further challenge to the Commissioner will be to keep Trademark Office services affordable for users but simultaneously to press for ways to improve the budget process for a 100 percent user-funded agency. Not only do present federal budget strictures obstruct the Office from arriving at more realistic revenue projections, they forbid the ability to borrow funds for capital improvements, thereby placing an unfair burden on current users of the Office by reducing present services in favor of long term future needs.

Despite the generally forward thinking of the Trademark Office, certain obsolete policies and practices remain unchallenged and unchanged since the Agency's founding and threaten the Office's effectiveness. As examples:

- 1) Although the Office must serve as a primary federal information repository, is it practical for it to maintain cumbersome and too frequently disordered paper files in an age of electronic communications and data collection?
- 2) With respect to optimum use of Trademark Office revenues, is it appropriate that, as part of an agency which receives no taxpayer support, it continues to pay the General Services Administration (GSA) a fee for building services that is fully capable of doing without GSA assistance?
- 3) The Assistant Commissioner for Trademarks controls only about 60 percent of the monies which are earmarked for trademark services. Should not the administrator, with the immediate responsibility and greatest awareness of the needs of the trademark community, be given more control of those revenues?

46

Although these and other Trademark Office issues call for conscientious study before considering recommendations for their resolution, their detrimental effects are no less consequential to the mission of the USPTO than other agency concerns.

By fulfilling its statutory objectives, the USPTO has assumed an integral role in both national and international commerce. To continue this course, it demands a leader who possesses the means and skills required to recognize, gauge and properly address the broader needs and rising expectations of the Agency and its constituencies. It demands a Commissioner who understands there is little room for policy failure and who can rise to the challenge of the position.

The installation of Mr. Lehman as the newest chief executive of the USPTO, joining a long line of notable Commissioners, brings the promise of continued success. It is our sincere hope that he will act as a driving force in propelling the USPTO into the forefront as one of the federal government's premier agencies.

0

, Biiii...

3 9999 05982 912 5

ISBK

0-16-047131-1

9

000

9 78C

160 471:

315